

SENATE.

THURSDAY, May 12, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our God and Father, we recognize the days of Thy ordination and we would see Thee; whether in sunshine or storm, and realize that this is a day the Lord hath made, and that we should be glad and rejoice in it. So help us always to have Thee in mind and fulfill the best purposes of Thy heart for us. Through Jesus Christ our Lord. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, May 9, 1921, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McNary	Sheppard
Borah	Hale	Nelson	Shortridge
Broussard	Harris	Newberry	Smith
Bursum	Hefflin	Nicholson	Sterling
Cameron	Hitchcock	Norbeck	Trammell
Capper	Jones, Wash.	Norris	Warren
Caraway	Kenyon	Overman	Weller
Culberson	Keyes	Phipps	Williams
Curtis	Knox	Poinexter	Willis
Dial	Ladd	Ransdell	
Fletcher	Lenroot	Robinson	

Mr. HEFLIN. My colleague [Mr. UNDERWOOD] is unavoidably absent, on account of a death in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Forty-two Senators having answered to their names, a quorum is not present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. McKELLAR and Mr. WALSH of Montana answered to their names when called.

Mr. NEW, Mr. FRANCE, Mr. COLT, Mr. EDGE, Mr. HARRELD, Mr. SUTHERLAND, Mr. STANFIELD, and Mr. McCUMBER entered the Chamber and answered to their names.

Mr. McCUMBER. I desire to announce that nearly all the members of the Committee on Finance are necessarily absent attending a meeting of that committee.

Mr. LA FOLLETTE, Mr. BALL, Mr. SHIELDS, Mr. GOODING, Mr. SPENCE, Mr. MOSES, and Mr. WALSH of Massachusetts entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-nine Senators having answered to their names, a quorum is present.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed a bill and joint resolutions of the following titles:

On May 3, 1921:

S. 407. An act granting the consent of Congress to the Trumbull Steel Co., its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Mahoning River, in the State of Ohio.

On May 5, 1921:

S. J. Res. 30. Joint resolution to authorize the President of the United States to appoint a representative of the Executive to cooperate with the Joint Committee on Reorganization; and

S. J. Res. 20. Joint resolution making the sum of \$150,000 appropriated for the construction of a diversion dam on the Crow Indian Reservation, Mont., immediately available.

PETITIONS AND MEMORIALS.

Mr. CURTIS presented a memorial of sundry citizens of St. Marys and Rossville, Kans., remonstrating against the enactment of legislation repealing the excess-profits tax and substituting therefor a sales or turnover tax, which was referred to the Committee on Finance.

He also presented a resolution of Anderson County Farmers' Educational and Cooperative Union, No. 66, adopted at a meeting held April 9, 1921, favoring the enactment of legislation for the tariff protection of the farming industry, which was referred to the Committee on Finance.

He also presented resolutions of the Chambers of Commerce of Lawrence and Great Bend, both in the State of Kansas, favoring the legislative program requested of Congress by the American Legion in behalf of disabled ex-service men, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Perry and Oskaloosa, both in the State of Kansas, praying for the enactment of legislation providing adjusted compensation for ex-service men, which was referred to the Committee on Finance.

He also presented a petition of the peace committee of the Kansas Yearly Meeting of Friends, of Wichita, Kans., praying for the reduction of armaments and for the promotion of world peace, which was referred to the Committee on Naval Affairs.

He also presented a petition of Frank P. Adams Post, No. 408, Veterans of Foreign Wars, of Kansas City, Kans., praying that before any peace terms are concluded with Germany Grover Cleveland Bergdoll be delivered to the authorities of the United States, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Kansas State Branch, National Association of Post Office Clerks, of Wichita, Kans., favoring the enactment of legislation to provide adequate compensation for postal clerks, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution of the Coffey County Rural Letter Carriers' Association, of Coffey County, Kans., favoring the enactment of legislation granting rural letter carriers \$50 per month compensation for maintenance of their equipment used in handling the mails, which was referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of sundry citizens of Fort Scott, Kans., remonstrating against the enactment of legislation to provide for the promotion of physical training (including medical examiners, etc.) in the United States, which was referred to the Committee on Education and Labor.

He also presented a petition of Civil War veterans of Glasco Post, No. 239, Grand Army of the Republic, of Glasco, Kans., praying for the enactment of legislation granting a pension of \$50 per month to the widows of all Civil War veterans, which was referred to the Committee on Pensions.

Mr. WILLIS presented a resolution of the Washington Congregational Church, of Toledo, Ohio, favoring the reduction of armaments, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted at the twenty-fourth annual convention of the Grain Dealers' National Association held at Minneapolis, Minn., favoring the enactment of legislation repealing the law creating the Federal Trade Commission, which was referred to the Committee on Interstate Commerce.

He also presented a resolution of the Cleveland Grays, of Cleveland, Ohio, favoring the enactment of legislation providing adequate relief for disabled ex-service men, which was referred to the Committee on Finance.

Mr. LADD presented resolutions adopted at mass meetings of citizens held at Williston and Grand Forks, N. Dak., favoring the enactment of legislation for the recognition of the Republic of Ireland, which were referred to the Committee on Foreign Relations.

He also presented resolutions of Argonne Post, No. 85, American Legion, of Beulah; Oakes Commercial Club, of Oakes; Post No. 34, American Legion, of Towner; and Minot Association of Commerce, of Minot, all in the State of North Dakota, favoring the enactment of legislation providing adequate relief for disabled ex-service men, which were referred to the Committee on Finance.

He also presented a resolution adopted by the North Dakota State Federation of Labor, at Fargo, N. Dak., protesting against the enactment of legislation repealing the excess-profits tax and substituting therefor a sales or turnover tax, which was referred to the Committee on Finance.

He also presented a resolution of the P. E. O. Sisterhood, Chapter D, of Grand Forks, N. Dak., favoring the enactment of legislation providing adequate relief for disabled ex-service men, which was referred to the Committee on Finance.

He also presented a resolution of Deering Lodge, No. 141, Independent Order of Odd Fellows, of Deering, N. Dak., favoring the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

Mr. McLEAN presented a resolution of Division No. 1, Ancient Order of Hibernians, of Bridgeport, Conn., favoring the enactment of legislation for the recognition of the Irish Republic, which was referred to the Committee on Foreign Relations.

He also presented a resolution of Division No. 1, Ancient Order of Hibernians, of Bridgeport, Conn., protesting against the deportation of the lord mayor of Cork, D. J. O'Callaghan, which was referred to the Committee on Foreign Relations.

He also presented telegrams in the nature of memorials from Martin J. Kelly, president Commodore Barry Council, American Association for the Recognition of the Irish Republic, of New

Britain; and Timothy J. Sullivan, president Benjamin Franklin Council, American Association for the Recognition of the Irish Republic, of New Haven, both in the State of Connecticut, remonstrating against representatives of the United States participating in an international council with England, which were referred to the Committee on Foreign Relations.

He also presented resolutions of the Women's Auxiliary, No. 45, American Legion, of Meriden; Norwich Central Labor Union, of Norwich; and the Rau-Locke Post, No. 8, American Legion, of Hartford, all in the State of Connecticut, favoring the enactment of legislation providing adequate relief for disabled ex-service men, which were referred to the Committee on Finance.

He also presented a resolution of the Grand Division, Sons of Temperance of Connecticut, of Hartford, Conn., favoring the enactment of legislation to more adequately enforce the Volstead Prohibition Act, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented a resolution adopted by the National Milk Marketing Conference at Chicago, Ill., favoring the enactment of legislation to authorize cooperative marketing of farm products, etc., which was referred to the Committee on the Judiciary.

He also presented a resolution of the Farmers' Union Cooperative Association, of Purcell, Kans., protesting against the enactment of legislation repealing the excess-profits tax and substituting therefor a sales or turnover tax, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Purcell, Kans., remonstrating against the enactment of legislation repealing the excess-profits tax and substituting therefor a sales or turnover tax, which was referred to the Committee on Finance.

He also presented a resolution adopted at a meeting of the Motor Trades' Association of Riley County, Manhattan, Kans., April 15, 1921, favoring the enactment of legislation to prevent the dumping of salvaged material from the European war areas in competition with American industry, etc., which was referred to the Committee on Finance.

He also presented resolutions of the Women's Auxiliary, American Legion, of Wichita; J. E. Romick Post, American Legion, of Maple Hill; and Saline Post, No. 62, American Legion, of Salina, all in the State of Kansas, favoring enactment of legislation providing adequate relief for disabled ex-service men, which were referred to the Committee on Finance.

Mr. TOWNSEND presented resolutions of W. A. Carl F. Payton Post, No. 60, American Legion, of Monroe; Oscar Falk Post, American Legion, of Menominee; Post No. 147, American Legion, of Northville; Council No. 389, Knights of Columbus, of Grand Rapids; Peter Gedda Post, No. 27, American Legion, of Bessemer; Business Girls' Club of South Haven; Muskegon Trades and Labor Council, of Muskegon; Carl O. Weaver Post, No. 194, American Legion, of Petoskey; Alfred Branchim Post, No. 17, American Legion, of Iron River; Godfrey Anderson Post, No. 43, American Legion, of Stephenson; Triangle Club, of Grand Rapids; Post No. 240, Department of Michigan, of Blanchard; Calumet Council, No. 1245, Knights of Columbus, of Calumet; and Women's Auxiliary of Patrick Leo Hanlon Post, No. 55, of Albion, all in the State of Michigan, favoring the enactment of legislation providing adequate relief for disabled ex-service men, which were referred to the Committee on Finance.

Mr. KEYES presented a resolution adopted by the Rockingham County Sunday School Association, of Epping, N. H., favoring the enactment of legislation to create a department of education, which was referred to the Committee on Education and Labor.

He also presented resolutions of the Woman's Auxiliary, William H. Cheney Post, American Legion, of Peterboro; the New Hampshire Department of the American Legion; the Rotary Club, of Manchester; the Young Men's Christian Association of Berlin; the Concord Teachers' Association, of Concord; W. P. Mahoney Post, No. 30, American Legion, of Lancaster; Earl B. Clark Post, No. 42, American Legion, of Barnstead; American Legion Women's Auxiliary Unit, Manchester Post, No. 79, Department of New Hampshire; Women's Auxiliary of American Legion, Department of New Hampshire; and the Women's Auxiliary of the American Legion, of Exeter, all in the State of New Hampshire, favoring the program of legislation requested by the American Legion of Congress in the interest of disabled ex-service men, which were referred to the Committee on Finance.

REPORTS OF COMMITTEES.

Mr. SPENCER, from the Committee on Claims, to which was referred the bill (S. 494) for the relief of Benjamin O. Kerlee, reported it without amendment and submitted a report (No. 44) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 990) to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes, reported it without amendment and submitted a report (No. 45) thereon.

Mr. LENROOT, from the Committee on Military Affairs, to which was referred the bill (S. 1358) to provide for maintaining the Corps of Cadets at the United States Military Academy at its maximum authorized strength, and for other purposes, reported it with an amendment and submitted a report (No. 46) thereon.

Mr. KENYON, from the Committee on Education and Labor, to which was referred the bill (S. 1439) to amend an act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States, and for other purposes," approved June 27, 1918, as amended by the act of July 11, 1919, reported it without amendment and submitted a report (No. 47) thereon.

Mr. ROBINSON, from the Committee on Claims, to which was referred the bill (S. 1467) to carry into effect the findings of the Court of Claims in favor of Elizabeth White, administratrix of the estate of Samuel N. White, deceased, reported it without amendment and submitted a report (No. 48) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McCUMBER:

A bill (S. 1723) for the relief of William Hensley; and

A bill (S. 1724) for the relief of the William Gordon Corporation; to the Committee on Claims.

A bill (S. 1725) granting an increase of pension to Abbie L. Lockwood; and

A bill (S. 1726) relating to execution of pension papers in foreign countries (with accompanying papers); to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 1727) to repeal paragraphs (a), (b), and (c) of section 500 of an act to provide revenue, and for other purposes, approved February 24, 1919, the same being relative to a revenue tax on freight and express charges and passenger fares; to the Committee on Finance.

By Mr. BORAH:

A bill (S. 1728) extending the time for payment of construction charges on reclamation projects for one year, and for other purposes; to the Committee on Irrigation and Reclamation.

A bill (S. 1729) amending the Federal farm loan act relative to liens and incumbrances, and for other purposes; to the Committee on Banking and Currency.

By Mr. LENROOT:

A bill (S. 1730) for the relief of Philip S. Everest; and

A bill (S. 1731) for the relief of Hannah Roberts; to the Committee on Claims.

A bill (S. 1732) for the relief of Mrs. Benjamin Gauthier; to the Committee on Indian Affairs.

A bill (S. 1733) authorizing the Secretary of the Navy, in his discretion, to deliver to the President of the Milwaukee Press Club, of Milwaukee, Wis., the bell of the wrecked cruiser *Milwaukee*; to the Committee on Naval Affairs.

A bill (S. 1734) to correct the military record of William B. Johns; and

A bill (S. 1735) to reimburse the State of Wisconsin for expenses incurred in mobilizing, recruiting, mustering, and subsistence of troops in the war against Germany; to the Committee on Military Affairs.

A bill (S. 1736) for the relief of Hugo Stamm; to the Committee on Indian Affairs.

By Mr. WARREN:

A bill (S. 1737) for the relief of Con Murphy; to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 1738) for the completion of a bridge across the Little Colorado River near the Leupp Indian Agency, Ariz.; to the Committee on Indian Affairs.

By Mr. BALL:

A bill (S. 1739) to amend sections 5 and 6 of the "Act of Congress making appropriations to provide for the expense of the government of the District of Columbia for the fiscal year ending June 30, 1903, approved July 1, 1902, and for other purposes"; to the Committee on the District of Columbia.

By Mr. ROBINSON:

A bill (S. 1740) granting an increase of pension to Frank M. Wells; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 1741) for the relief of the city of Bristol, Tenn.; to the Committee on Claims.

A bill (S. 1742) authorizing the Secretary of War to donate to the town of Winchester, Tenn., one German cannon or field-piece; to the Committee on Military Affairs.

By Mr. STERLING:

A bill (S. 1743) to carry out the findings of the Court of Claims in the case of John B. Geddis; to the Committee on Claims.

By Mr. SPENCER:

A bill (S. 1744) granting a pension to J. W. Scott (with an accompanying paper); to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 1745) to regulate the height of buildings on Sixteenth Street and on Massachusetts Avenue, and on such other streets or avenues as may be hereafter designated by the Commissioners of the District of Columbia, in the city of Washington, D. C.; to the Committee on the District of Columbia.

A bill (S. 1746) for the relief of Mrs. Theodore Sharp (with an accompanying paper); to the Committee on Claims.

A bill (S. 1747) granting a pension to James W. Murphy (with an accompanying paper);

A bill (S. 1748) granting a pension to George R. Carver (with an accompanying paper);

A bill (S. 1749) granting a pension to Fannie Howard (with an accompanying paper);

A bill (S. 1750) granting a pension to Lois Stubbs (with accompanying papers);

A bill (S. 1751) granting an increase of pension to Josephine Woodson (with accompanying papers);

A bill (S. 1752) granting a pension to Malinda Kiniston (with an accompanying paper);

A bill (S. 1753) granting an increase of pension to George M. Younger (with an accompanying paper);

A bill (S. 1754) granting an increase of pension to William E. Kratzer (with accompanying papers);

A bill (S. 1755) granting a pension to John Stevens (with accompanying papers);

A bill (S. 1756) granting a pension to Della E. Sanneman (with accompanying papers);

A bill (S. 1757) granting an increase of pension to Nannie Johnson Veale (with an accompanying paper);

A bill (S. 1758) granting a pension to Margaret E. Hutchinson (with an accompanying paper);

A bill (S. 1759) granting an increase of pension to Lora Belle Fasig (with accompanying papers);

A bill (S. 1760) granting an increase of pension to Henry Wilton (with an accompanying paper); and

A bill (S. 1761) granting a pension to Sue C. Tozier (with an accompanying paper); to the Committee on Pensions.

By Mr. TOWNSEND:

A bill (S. 1762) to amend the act approved May 22, 1920, entitled "An act for the retirement of employees in the classified civil service, and for other purposes"; to the Committee on Civil Service.

A bill (S. 1763) for the adjudication and determination of the claims arising under joint resolution of July 14, 1870 (16 Stat. L., p. 670), authorizing the Postmaster General to continue to use in the Postal Service Marcus P. Norton's combined post-marking and stamp-canceling hand-stamp patents and directing him to "determine upon a fair, just, and equitable compensation for the use of said inventions" or arising otherwise; to the Committee on Post Offices and Post Roads.

By Mr. SUTHERLAND:

A bill (S. 1764) granting a pension to Barbara Carter; to the Committee on Pensions.

A bill (S. 1765) for the relief of Hiram Metcalf; to the Committee on Military Affairs.

By Mr. MYERS:

A bill (S. 1766) to amend an act entitled "An act for the relief of homestead entrymen or settlers who enter the military or naval service of the United States in time of war"; to the Committee on Public Lands and Surveys.

By Mr. CALDER:

A bill (S. 1767) for the relief of the owner of the derrick Capitol; and

A bill (S. 1768) for the relief of Mrs. Joseph Roncoli; to the Committee on Claims.

By Mr. DIAL (by request):

A joint resolution (S. J. Res. 55) to correct an error in the Senate and House records of the Sixty-third Congress in the matter of the acts S. 2810 and H. R. 7140, entitled "An act for the relief of the heirs of Joshua Nicholls," and to authorize the Secretary of the Treasury to pay the sum of \$33,450 to Eliza-

beth R. Nicholls and Joanna L. Nicholls, sole heirs of Joshua Nicholls, deceased, appropriated for them under Senate act 2810; to the Committee on Claims.

JOINT COMMISSION OF AGRICULTURAL INQUIRY.

Mr. LENROOT submitted the following concurrent resolution (S. Con. Res. 4), which was referred to the Committee on Agriculture and Forestry:

Resolved by the Senate (the House of Representatives concurring), That a joint commission is hereby created, to be known as the "Joint Commission of Agricultural Inquiry," which shall consist of five Senators to be appointed by the President of the Senate and five Representatives to be appointed by the Speaker.

Said commission shall investigate and report to the Congress within 90 days after the passage of this resolution upon the following subjects:

1. The causes of the present condition of agriculture.
2. The cause of the difference between the prices of agricultural products paid to the producer and the ultimate cost to the consumer.
3. The comparative condition of industries other than agriculture.
4. The relation of prices of commodities other than agricultural products to such products.

5. The banking and financial resources and credits of the country, especially as affecting agricultural credits.

6. The marketing and transportation facilities of the country. The commission shall include in its report recommendations for legislation which in its opinion will tend to remedy existing conditions, and shall specifically report upon the limitations of the powers of Congress in enacting relief legislation.

The commission shall elect its chairman, and vacancies occurring in the membership of the commission shall be filled in the same manner as the original appointments.

The commission is authorized to sit during the sessions or recesses of Congress, to send for persons and papers, to administer oaths, to summon and compel the attendance of witnesses, and to employ such personal services and incur such expenses as may be necessary to carry out the purposes of this resolution; such expenditures shall be paid from the contingent funds of the Senate and the House of Representatives in equal proportions upon vouchers authorized by the committee and signed by the chairman thereof.

INVESTIGATION OF LOBBYING ACTIVITIES.

Mr. KING submitted the following resolution (S. Res. 77), which was referred to the Committee on the Judiciary:

Whereas it has been charged that various corporations and associations, organizations, and combinations of corporations engaged in various lines of trade, commerce, and industry are and have been carrying on an extensive propaganda throughout the country, and are and have been maintaining offices and lobbyists in the city of Washington for the purpose of influencing tariff, revenue, and other legislation pending in Congress; and

Whereas it has further been charged that the dye industry is controlled by a combination of corporations which is in fact a monopoly, and in order to maintain such monopoly and obtain an embargo against the importation of competing dyes has employed agents, attorneys, and lobbyists to influence Congress in behalf of special legislation in the interest of such dye monopoly; and

Whereas it has been charged that officials in the various departments and bureaus of the Federal Government have engaged in propaganda throughout the country, seeking additional appropriations and other legislation for the extension of their authority; and

Whereas several bills have been introduced and are pending in the Senate to define and punish lobbying and to regulate the employment of legislative counsel and agents: Now, therefore, be it

Resolved, That a special committee, to consist of five Members of the Senate, be appointed by the Vice President, which committee is hereby authorized and instructed to investigate the charge that various corporations and associations, organizations, and combinations of corporations engaged in various lines of trade, commerce, and industry are and have been carrying on an extensive propaganda throughout the country, and are and have been maintaining offices and lobbyists in the city of Washington for the purpose of influencing tariff, revenue, and other legislation pending in Congress; the charge that the dye industry is controlled by a combination of corporations which is in fact a monopoly and have employed agents, attorneys, and lobbyists to influence Congress in behalf of special legislation in the interest of such monopoly; and the charge that officials in the various departments and bureaus of the Federal Government have engaged in propaganda throughout the country seeking additional appropriations and other legislation for the extension of their authority; and to investigate generally the expenditures made in behalf of such propaganda and for the maintenance of lobbies in Washington, to ascertain the names of persons who are engaged in such activities and the nature and extent of their activities, and report its findings to the Senate, together with such recommendations as it may deem appropriate; further

Resolved, That the committee is authorized to subpoena witnesses, send for persons and papers, to administer oaths, and to employ the necessary clerical assistance in the prosecution of such investigation.

NAVAL APPROPRIATIONS.

The VICE PRESIDENT. The morning business is closed. The calendar under Rule VIII is in order.

Mr. POINDEXTER. I move that the Senate proceed to the consideration of House bill 4803, the naval appropriation bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 4803) making appropriations for the naval service for the fiscal year ending June 30, 1922, and for other purposes, which had been reported from the Committee on Naval Affairs with amendments.

Mr. POINDEXTER. I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for amendment, the committee amendments to be first considered.

The VICE PRESIDENT. Without objection, it is so ordered. The Assistant Secretary proceeded to read the bill.

The first amendment of the Committee on Naval Affairs was, on page 2, line 14, after the word "employees," to insert:

and for mileage, at 5 cents per mile, to midshipmen entering the Naval Academy while proceeding from their homes to the Naval Academy for examination and appointment as midshipmen;

The amendment was agreed to.

The next amendment was, on page 3, line 12, to increase the appropriation "for telephone rentals and tolls, telegrams and cablegrams, postage (foreign and domestic), post-office box rentals, and other necessary and incidental expenses from \$250,000 to \$400,000."

The amendment was agreed to.

The next amendment was, on page 3, line 15, after the word "expenses," to strike out the proviso in the following words:

Provided, That no part of this appropriation shall be available for the expense of any naval district unless the commandant thereof shall be also the commandant of a navy yard, naval training station, or naval operating base.

The amendment was agreed to.

The next amendment was, on page 3, line 19, in the additional proviso, after the word "*Provided*," to strike out "*further*"; in line 23, to strike out "\$750,000" and insert "\$850,000"; and on page 4, line 4, to strike out "\$3,500,000" and to insert "\$4,000,000," so as to make the proviso read:

Provided, That the sum to be paid out of this appropriation, under the direction of the Secretary of the Navy, for clerical, inspection, and messenger service in navy yards and naval stations, for the fiscal year ending June 30, 1922, shall not exceed \$850,000, and for necessary expenses for the interned persons and prisoners of war under the jurisdiction of the Navy Department, including funeral expenses for such interned persons or prisoners of war as may die while under such jurisdiction, and for payment of claims for damages under naval act approved July 11, 1919; in all, \$4,000,000.

The amendment was agreed to.

The next amendment was, on page 4, line 10, after the word "Navy," to insert: "and for such purposes as he may deem proper," so as to make the clause read:

Contingent, Navy: For all emergencies and extraordinary expenses, exclusive of personal services in the Navy Department or any of its subordinate bureaus or offices at Washington, D. C., arising at home or abroad, but impossible to be anticipated or classified, to be expended on the approval and authority of the Secretary of the Navy, and for such purposes as he may deem proper, \$50,000.

The amendment was agreed to.

The next amendment was, in the items for aviation, on page 5, line 2, after the date "June 30, 1921," to insert "and to continue the construction of rigid dirigible"; and in line 3, to strike out "\$440,000" and insert "\$1,440,000; for new construction and procurement of aircraft and equipment, \$6,125,750," so as to read:

Aviation, Navy: For aviation, to be expended under the direction of the Secretary of the Navy, as follows: For aircraft and accessories in course of construction or manufacture on June 30, 1921, and to continue the construction of rigid dirigible, \$1,440,000; for new construction and procurement of aircraft and equipment, \$6,125,750.

The amendment was agreed to.

The next amendment was, on page 5, line 10, after the word "planes," to strike out "\$4,534,181" and to insert "\$6,500,000," so as to read:

For maintenance, repair, and operation of aircraft factory, helium plant, air stations, fleet activities, testing laboratories, and for overhauling of planes, \$6,500,000.

The amendment was agreed to.

The next amendment was, on page 5, line 12, after the word "aircraft," to strike out "\$1,615,000" and to insert "\$3,000,000," so as to read:

For continuing experiments and development work on all types of aircraft, \$3,000,000.

The amendment was agreed to.

The next amendment was, on page 5, line 14, after the numerals "\$275,000," to insert:

New construction, buildings, and improvements at air stations at a total cost not to exceed \$1,339,000, as follows: Cape May, \$25,000; Coco Solo, \$402,000; Hampton Roads, \$78,000; Lakehurst, \$360,000; Pearl Harbor, \$210,000; Pensacola, \$100,000; San Diego, \$164,000.

Mr. BORAH. Mr. President, may I ask the Senator who has the bill in charge if the changes are the same as those in the previous bill which was reported to the Senate at the last session?

Mr. POINDEXTER. They are identical.

Mr. OVERMAN. Mr. President, may I inquire where Coco Solo is? That is a new place to me, and I am rather curious to know where it is.

Mr. POINDEXTER. It is on the Isthmus of Panama. It is one of the defenses of the Panama Canal.

Mr. OVERMAN. It sounds very much like "Coca-Cola."

[Laughter.]

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, on page 5, line 19, to increase the total for aviation from "\$6,913,431" to "\$18,729,000."

The amendment was agreed to.

The next amendment was, on page 5, line 19, after the amendment last agreed to, to insert:

And the money herein specifically appropriated for aviation shall be disbursed and accounted for in accordance with existing laws as aviation, and for that purpose shall constitute one fund: *Provided further*, That the Secretary of the Navy is hereby authorized to consider, ascertain, adjust, determine, and pay out of this appropriation the amounts due on claims for damages which have occurred or may occur to private property growing out of the operations of naval aircraft, where such claim does not exceed the sum of \$500: *Provided further*, That all claims adjusted under this authority during any fiscal year shall be reported in detail to the Congress by the Secretary of the Navy.

Mr. BORAH. Mr. President, may I ask the Senator what the amendment covers? What is the nature of the claims referred to?

Mr. POINDEXTER. They are claims for damages caused by the negligence of officers of the Navy, by the lack of proper care in the conduct of the work in which they are engaged. It is limited to small claims not exceeding \$500. The amendment authorizes the Secretary of the Navy to hear and to settle claims for damages of that kind to the property or to the person of individuals.

Mr. BORAH. It is limited to claims of \$500 or less?

Mr. POINDEXTER. Yes.

Mr. BORAH. Is there no provision with reference to claims in excess of \$500?

Mr. POINDEXTER. In such cases claimants have to go to the Court of Claims.

Mr. BORAH. Is not that now the general law?

Mr. POINDEXTER. It is. The amendment simply excepts out of the general law the small claims referred to and authorizes their adjustment by the Secretary of the Navy.

Mr. McKELLAR. Mr. President, may I ask the Senator in charge of the bill if this is substantially the same bill that was reported by the committee at the last session of Congress?

Mr. POINDEXTER. It is almost identical with that bill. There are only one or two very small changes, which do not involve the appropriations at all. The changes to which I refer I will be glad to call to the attention of the Senator later on. I may say now, however, that one of the changes is in the language used in the limitation of the appropriation for the construction program. The House bill as reported without change by the Senate committee at the last session provided that that money should not be used for any ships which were not already under construction or contracted for. In this bill the House struck out the words "or contracted for," and the Senate committee has made no change in that respect.

Mr. McKELLAR. Do I understand that there is a unanimous report of the committee recommending the passage of the bill?

Mr. POINDEXTER. It is the unanimous report of all the members of the committee who were present. I can not say that all members of the committee agreed to it; but it is my impression that they do, with the possible exception of one member.

Mr. McKELLAR. The reason I asked the question was that I recall that during the last session there was a very vigorous and earnest fight made against this bill, practically amounting to a filibuster, as I recall; at any rate, the bill did not pass because of the very great opposition to it. Apparently there is not very much opposition to it at this time, and I was wondering what caused the change. Can the Senator tell me?

Mr. POINDEXTER. It is a very agreeable change, but we have just started to consider the bill.

Mr. BORAH. I was going to suggest that, perhaps, if the Senator will be patient there will be enough debate to satisfy him.

Mr. McKELLAR. I was merely wondering what was going to happen as we went along.

Mr. BORAH. We do not desire to discuss the preamble.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 6, line 11, to insert the following additional proviso:

And *provided further*, That for the construction of a hangar for rigid dirigible and other necessary improvements at Camp Kearny, Calif., which are hereby authorized at a limit of cost not to exceed \$2,500,000, any unexpended balance remaining July 1, 1921, from the funds for aviation for new construction at stations appropriated in the act making appropriations for the Naval Establishment for the fiscal year ending June 30, 1921, and for other purposes, approved June 4, 1920, is hereby continued in effect and made available until expended.

The amendment was agreed to.

The next amendment was, on page 7, line 5, to insert the following proviso:

Provided, That the word "and," before Corpus Christi, in line 11 of section 1 of the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911, be stricken out, and following the words "Corpus Christi," in the same line, insert the words "Tampa, Fla., and Portland, Me."

The amendment was agreed to.

The next amendment was, on page 7, line 21, after the word "seamen," to insert "and applicants for enlistment"; and in line 22, after the word "route," to insert "or cash in lieu thereof," so as to read:

BUREAU OF NAVIGATION.

Transportation and recruiting: For travel allowance of enlisted men discharged on account of expiration of enlistment; transportation of enlisted men and apprentice seamen and applicants for enlistment at home and abroad, with subsistence and transfers en route, or cash in lieu thereof.

The amendment was agreed to.

The next amendment was, on page 8, line 14, to increase the total appropriation for Bureau of Navigation, transportation and recruiting, from "\$3,500,000" to "\$4,500,000."

Mr. OVERMAN. Mr. President, referring to this item under the head of "Bureau of Navigation," I see that the increase recommended is \$1,000,000—from \$3,500,000 to \$4,500,000. I should like to have the Senator explain why that increase is recommended.

Mr. POINDEXTER. Mr. President, I have here a letter from the Secretary of the Navy in which he states:

The Bureau of Navigation has made three recent revisions on the cost of "Transportation and recruiting," based on the strength of 100,000, 110,000, and 120,000 men, bearing in mind the changed conditions in the personnel situation since December 31, 1920. These estimates, which have been carefully itemized, show that the cost of "Transportation and recruiting" would be \$6,483,843, \$6,765,456, and \$7,015,258, respectively. In each case the sum of only \$404,000 is estimated for recruiting proper, the balances being considered necessary for transportation alone in accordance with existing law.

The appropriations throughout this bill are based upon an estimate of 120,000 as the average personnel strength of the Navy.

Mr. OVERMAN. What is it now?

Mr. POINDEXTER. It is now that, on the average.

Mr. OVERMAN. One hundred and twenty thousand?

Mr. POINDEXTER. Yes; it averages that. It is perhaps a little more at this particular time, and falls below that at other times.

Mr. OVERMAN. What does the House bill provide?

Mr. POINDEXTER. The authorized strength of the Navy is 143,000. The House bill makes appropriations based upon an estimate of 100,000. That constitutes the necessity for this increase.

Mr. HALE. Mr. President, at the present time there are only about 118,000 in the Navy. The total has fallen below 120,000.

Mr. BORAH. Mr. President, is this increase of \$1,000,000 in the item on page 8 by reason of the increase of the personnel that has been provided for?

Mr. POINDEXTER. That is the estimate of the Navy Department. In fact, this item is below the estimate made by the Navy Department.

Mr. BORAH. Exactly; but the increase is necessitated by reason of the fact that you increase the personnel of the Navy?

Mr. POINDEXTER. That is correct.

Mr. BORAH. May I ask, then, that that item may go over, to be considered in connection with the items on pages 29 and 30?

Mr. POINDEXTER. I shall be very glad to have that done if that is the best way of proceeding, or else to act upon the amendment and then agree to its reconsideration. There are a large number of items throughout the bill, I will say to the Senator, which depend upon the final determination of the personnel strength of the Navy. Perhaps it would be more convenient to act upon them as we go along, and then if the Senator desires to take up any one of them or all of them I shall be very glad to agree to do that.

The VICE PRESIDENT. Without objection, the amendment will be temporarily passed over. Is there objection?

Mr. BORAH. I ask that it be passed over, to be considered in connection with the items on pages 29 and 30; and if there are other items which are increased by reason of the personnel I shall be glad if we can have an understanding that they will all be reconsidered in case there should be any change.

Mr. POINDEXTER. Very well.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, on page 8, after line 14, to insert:

The Bureau of Navigation, Navy Department, is hereby directed to furnish to the proper officers in the several States, Territories, insular possessions, and the District of Columbia, on or before December 31, 1921, statements of the services of all persons from those several places who served in the Navy during the War with Germany, and for that purpose an additional sum not to exceed \$100,000 is hereby appropriated for obtaining the necessary material and the employment of the necessary clerical force.

The amendment was agreed to.

The next amendment was, on page 9, line 16, under the sub-head "Gunnery and engineering exercises," to strike out:

For the maintenance of established shooting galleries, target houses, targets, and ranges, and for transporting equipment to and from ranges, \$100,000.

And to insert:

Prizes, trophies, and badges for excellence in gunnery, target practice, engineering exercises, and for economy in fuel consumption, to be awarded under such rules as the Secretary of the Navy may formulate; for the purpose of printing, recording, classifying, compiling, and publishing the rules and results; for the establishment and maintenance of shooting galleries, target houses, targets, and ranges; for hiring established ranges, and for transporting equipment to and from ranges, \$100,000.

The amendment was agreed to.

The next amendment was, on page 10, line 20, to increase the total appropriation for instruments and supplies from "\$750,000" to "\$850,000."

The amendment was agreed to.

The next amendment was, on page 11, line 17, to increase the total appropriation for naval training station, California, from "\$125,000" to "\$150,000."

The amendment was agreed to.

The next amendment was, on page 12, line 10, to increase the total appropriation for naval training station, Rhode Island, from "\$185,000" to "\$300,000."

The amendment was agreed to.

The next amendment was, on page 13, line 10, to increase the total appropriation for naval training station, Great Lakes, from "\$400,000" to "\$500,000."

The amendment was agreed to.

The next amendment was, on page 13, line 17, after the word "necessary," to insert "to be immediately available," so as to read:

To make just compensation for land, title to which was taken over under proclamation of the President, dated November 4, 1918, as an addition to the naval training station, Great Lakes, Ill., and for damages occasioned by delay in the payment for such land, or for the use and occupancy thereof by the United States, \$546,805, or so much thereof as may be necessary, to be immediately available.

The amendment was agreed to.

The next amendment was, on page 13, line 22, after the word "Illinois," to insert "and East Camp, Hampton Roads, Va.," in line 25, to strike out "together with" and insert "also any" before the word "improvements," and after the word "improvements," to insert "that have been," so as to make the proviso read:

Provided, That the Secretary of the Navy is authorized, in his discretion, to dispose of, at public or private sale, at a price to be approved by him, any land in the vicinity of the navy mine depot, Yorktown, Va., and the naval training station, Great Lakes, Ill., and East Camp, Hampton Roads, Va., or interest therein, title to, or interest in which has been acquired by the United States subsequent to April 6, 1917, also any improvements that have been placed thereon by the United States that are deemed by him to be no longer needed for naval purposes.

The amendment was agreed to.

The next amendment was, on page 15, after line 9, to insert:

Summer schools for boys: The Secretary of the Navy is hereby authorized, in his discretion, to establish at two of the permanent naval training stations experimental summer schools for boys between the ages of 16 and 20 years. For this purpose he is authorized to use such buildings or other accommodations at such training stations, to loan any naval equipment necessary for such purposes, and to give instructions which will fit them for service in the Navy of the United States. He is empowered to establish and enforce such rules within the camp as may be necessary and to detail such members of the naval personnel as may be required in order to encourage and execute the spirit of this act. The Secretary of the Navy is further authorized to loan the necessary naval uniforms during the period of training and to furnish subsistence, medical attendance, and other necessary incidental expenses for those attending these schools: *Provided*, That those under instruction, with the consent of their parents or their guardians, shall enroll in the Naval Reserve Force for not less than three months, and no person not so enrolled shall be admitted to said training schools. For carrying out the provisions of this paragraph the sum of \$200,000 is appropriated: *Provided further*, That the appropriation shall be available to reimburse other appropriations for the Naval Establishment for any expenses incurred in connection with members of the Naval Reserve Force who enrolled in accordance with this section for attendance at the experimental summer schools.

The amendment was agreed to.

The next amendment was, on page 16, line 15, before the words "for wharfage," to strike out "and" and, after the words "for wharfage," to insert "and for actual and necessary expenses in lieu of mileage to officers of the Navy and Naval Reserve Force traveling in connection with organizing and admin-

istering the Naval Reserve Force"; and, in line 19, to strike out "\$50,000" and insert "\$100,000," so as to read:

Naval Reserve Force: For expenses of organizing, administering, and recruiting the Naval Reserve Force and Naval Militia: for the maintenance and rental of armories, including the pay of necessary janitors, for wharfage, and for actual and necessary expenses in lieu of mileage to officers of the Navy and Naval Reserve Force traveling in connection with organizing and administering the Naval Reserve Force, \$100,000.

The amendment was agreed to.

The next amendment was, on page 16, line 24, to increase the appropriation for maintenance of receiving barracks from "\$50,000" to "\$100,000."

The amendment was agreed to.

The next amendment was, on page 19, line 25, to increase the total appropriation for ordnance and ordnance stores from "\$14,000,000" to "\$15,000,000."

The amendment was agreed to.

The next amendment was, under the subhead "Contingent, Bureau of Ordnance," on page 20, line 24, after the word "structures," to insert "except such temporary structures as may be incident to current work of said bureau," so as to read:

That no part of the appropriations heretofore, herein, or hereafter made for "Increase of the Navy" under the Bureau of Ordnance and no part of allotments of appropriations heretofore or hereafter made to said bureau shall be available for the payment for services or materials used in the construction of any shop, building, living quarters, or other structures, except such temporary structures as may be incident to current work of said bureau, or for additions and betterments to any existing shore station facilities unless the appropriation shall in terms specifically authorize such construction or additions and betterments.

The amendment was agreed to.

The next amendment was, on page 21, line 4, after the word "betterments," to strike out the provisos in the following words:

Provided, That hereafter ordnance materials procured under the various ordnance appropriations shall not be available for issue to meet the general needs of the naval service: *Provided further*, That nothing herein shall be construed as preventing the allocation of guns and ammunition to ships according to the requirements of the naval service.

The amendment was agreed to.

The next amendment was, on page 22, line 6, to increase the total appropriation for maintenance, Bureau of Yards and Docks, from "\$7,500,000" to "\$9,000,000."

Mr. KING. Mr. President, may I inquire of the Senator from Washington whether the Alameda item has been reached?

Mr. POINDEXTER. It has not been reached.

Mr. KING. I understood that some other matters would detain the Senate this morning, and I did not expect this bill to be taken up until later in the afternoon.

Mr. BORAH. Mr. President, I see that in this item there is an increase of \$1,500,000. Has there been an estimate for that increase?

Mr. POINDEXTER. It is much below the estimate of the Navy Department.

Mr. BORAH. What is the necessity for increasing the appropriation \$1,500,000? The House appropriated \$7,500,000 and the Senate committee has increased it to \$9,000,000. Will the Senator state why the increase was made?

Mr. POINDEXTER. During 1921 for this item there was an appropriation of \$9,500,000, and there were two deficiencies of \$500,000 and \$133,000, respectively, making a total of \$10,133,000, or \$1,133,000 more than the committee has allowed. The authorities of the Navy Department were very urgent and very insistent that with the same personnel the expenses for the next fiscal year will approximate those of the current fiscal year; but the committee, making an allowance for reduction in costs and wages, made a reduction of over \$1,000,000 from the request of the department.

Mr. BORAH. That is, the committee made a reduction from what the department asked for?

Mr. POINDEXTER. Yes; and increased what was allowed by the House.

Mr. BORAH. Was there no estimate submitted to the House at the time it had the matter before it as to the necessity of having more money? In other words, does the Senator know that the same estimate which he had was before the House committee?

Mr. POINDEXTER. I do not think the same showing was made to the House committee that was made to the Senate committee. The estimates made to the House committee, of course, were the same; they had the same information as to the expenditures for the preceding year; but there was a special hearing upon this item by the Senate committee, and additional information was presented to the committee which was not submitted to the House committee.

Mr. BORAH. I ask that this item may go over, in connection with the item on page 8.

The VICE PRESIDENT. The amendment will be temporarily passed over.

The reading of the bill was resumed.

The next amendment was, on page 22, line 18, to strike out "\$150,000" and insert "\$250,000," so as to make the additional proviso read:

Provided further, That expenditures from appropriations contained in this act for the maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, including the compensation of operators, shall not exceed \$250,000.

Mr. BORAH. I ask that this amendment may go over also.

The VICE PRESIDENT. The amendment will be temporarily passed over.

The next amendment was, on page 23, line 3, after the numerals "\$40,000," to insert " ; dredging, to continue, \$100,000; in all, \$140,000," so as to read:

Navy yard, New York, N. Y.: Toilet facilities at shipbuilding slips, \$40,000; dredging, to continue, \$100,000; in all, \$140,000.

Mr. KING. Mr. President, I would like to inquire of the Senator from Washington whether it is common, in bills of this character, to insert items for dredging, in view of the fact that bills dealing with rivers and harbors carry items for such purposes? I ask the Senator if this matter has not been taken care of in the usual appropriation bill for inland rivers and harbors?

Mr. POINDEXTER. This is not in the commercial harbor of New York. It is for dredging within the limits of the navy yard. It is a matter of considerable urgency in this particular instance. No appropriations are ever included in the river and harbor bill for improvements of navy-yard water frontage.

Mr. KING. I ask the Senator if he knows what is the necessity for this appropriation?

Mr. POINDEXTER. The large ships of the Navy are unable to be docked at the Brooklyn Navy Yard without the deepening of the channel. On a recent occasion the *Tennessee* went aground, causing some damage, and resulting in considerable expense to the Government. In order to maintain the efficiency of the yard at New York, this dredging is regarded by the department and by the committee as being essential.

Mr. KING. Let me inquire of the Senator, whether the committee or any subcommittee have investigated the question of the necessity of maintaining the large number of yards we now have on the Atlantic coast, the necessity of maintaining this particular yard, the proposition as to whether or not, in view of the proposal to increase the number and size of battleships and battle cruisers, this item of \$100,000 will be adequate to enlarge the yard and make it sufficiently deep and wide that our vessels may be properly handled therein?

Mr. POINDEXTER. Of course, that question opens up a very wide range of naval policy, which would require considerable time to go into fully, as to the desirability of ships of the size and tonnage of those which are included in the program which is now under construction. That matter has been debated to a considerable extent on the floor of the Senate, and the Senator from Utah is perhaps as familiar with it as I am. The contracts have been let, and to raise the question whether it is desirable to have ships of that size brings up the entire question whether we are to cancel the program upon which we have entered, and that larger question has been discussed at considerable length.

As to the number of navy yards on the Atlantic coast, about which the Senator from Utah inquires, that is a matter which is fixed by law, long established. I imagine that some very substantial question might have been raised in the beginning of these establishments as to the desirability in some cases; but the navy yards on the Atlantic coast now represent very large investments of the Government, and a great deal of most important work is being carried on in them.

In what I say as to the questionable merit of some of the navy yards on the Atlantic coast, I do not need to include the navy yard at New York. In fact, I have not heard the usefulness and the desirability of that yard questioned by anyone. At the present time two of the capital ships of the new program are under construction in that yard. One of the great advantages, besides the great harbor which the yard enjoys, and all the incidental service that a navy yard requires, is the labor market. It is a very favorable point for naval work on account of the accessibility to an almost unlimited labor market. I think that, in general, states the situation and answers the two questions which the Senator has asked.

This particular item of \$100,000, as the Senator can readily see, is a very trivial amount, relatively speaking. Absolutely it is a large sum of money; but when it is considered in connection with the work upon battleships which cost over \$30,000,000

apiece, which are under construction there, numerous other battleships and battle cruisers which come to this yard for repairs, the good policy of providing adequate water frontage for them at the expense of this item seems to me to be obvious.

Mr. KING addressed the Senate. After having spoken for some time,

Mr. BORAH. Mr. President—

Mr. KING. I yield.

Mr. BORAH. Before the Senator proceeds further, I want to record in the Record the fact that at a time when we are considering an appropriation bill carrying in round figures \$500,000 there are seven Senators in the Senate Chamber, and when we are considering a bill which involves a policy of tremendous moment to the American people there are seven Senators in the Senate Chamber.

Mr. KING. I want to assure the Senator that when we come to a vote—

The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Idaho suggest the absence of a quorum?

Mr. BORAH. No; I did not suggest the absence of a quorum. I simply wanted to note the fact.

Mr. SHEPPARD. Mr. President, a parliamentary inquiry. Is not the statement of the Senator from Idaho to the effect that there are seven Senators in the Chamber equivalent to making the point of no quorum?

The PRESIDING OFFICER. The Chair so rules.

Mr. SHEPPARD. Then, Mr. President, I make the point that the roll should be called.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Borah	Gooding	McCormick	Smoot
Broussard	Hale	McCumber	Spencer
Bursum	Harrell	McKellar	Stanfield
Calder	Harrison	McKinley	Sterling
Capper	Heflin	McNary	Sutherland
Caraway	Hitchcock	Newberry	Swanson
Colt	Johnson	Norris	Townsend
Cummins	Jones, N. Mex.	Oddie	Trammell
Curtis	Jones, Wash.	Poindexter	Walsh, Mass.
Dial	Kellogg	Pomerene	Walsh, Mont.
Dillingham	Kenyon	Ransdell	Warren
Ernst	Keyes	Reed	Willis
Fletcher	King	Sheppard	Willcott
Frelinghuysen	Ladd	Shortridge	
Glass	La Follette	Smith	

Mr. HARRISON. I desire to announce that the senior Senator from Georgia [Mr. HARRIS] is absent on official business.

The PRESIDING OFFICER. Fifty-eight Senators having answered to their names, there is a quorum present. The Senator from Utah will proceed.

[Mr. KING resumed and concluded his speech. See Appendix.]

FEDERAL AID TO EDUCATION.

Mr. McKELLAR. Mr. President, I desire to occupy about fifteen minutes of the time of the Senate and to impose to that extent upon the committee in charge of the pending bill by speaking upon another subject.

Mr. President, since I have been in the Congress of the United States, now nearly 10 years, I have at all times been an earnest advocate of Federal aid to education. Primarily, there was an early reason for my being in favor of this policy. I was born in a village in the country. When I arrived at school age we had a public school for only three months in the year every two years. If I had not had well-educated parents and a well-educated elder sister, I am sure my education would have been exceedingly limited. I earned the necessary money plowing and clerking by the time I was 18 years old to go to the State university two years, and borrowed money from my elder brothers to finish my course there. My education was obtained, therefore, under the greatest difficulties. I do not believe that an American boy ought to have such difficulties in securing an education, and in part for this reason I have uniformly supported every educational movement since I have been in either branch of the Congress. Upon coming to the Senate I was fortunate in being put on the Committee on Education. I like the work. I am in whole-hearted sympathy with it. In aiding the States in educating the youth of the country our Government is doing nothing revolutionary. It is but following the well-known precedents of farm-extension work, of aid to road building, of river and harbor work, and all in strict accord with the Constitution of the United States and the decisions of our courts construing its provisions.

THE NEED OF FEDERAL AID.

The need of greater educational facilities in this country is beyond controversy. In the census of 1910 it was disclosed that there were 5,111,163 people in the United States more than 10 years old who could not read and write. Practically double that number were semi-illiterate. The figures have been

lessened somewhat in the last 10 years, but the number who still can not read and write is very large, probably 90 per cent of what it was in 1910. Of the 1,500,000 young men first drafted in the United States Army in the late war, the records show that 346,000 were unable to read a letter from home when it came and unable to write a letter back home. Such a condition of illiteracy in the richest, freest, and best Nation in the world is little short of criminal. This illiteracy was not and is not confined to the Southern States, where so large a part of our population is colored, but it exists all over the country, particularly in States like Pennsylvania, where the foreign population is large.

While a member of the Senate committee investigating the steel strike in 1919 I visited Pittsburgh and a number of surrounding towns in western Pennsylvania. In a number of these towns there were so few Americans and so little English spoken that the towns seemed to be foreign rather than American. I could only communicate with the workmen through an interpreter. In one of these towns I was told that the population was 23,000 and 21,000 of them could not speak, read, or write the English language. This condition is a crying shame, and it must be remedied. We must educate and Americanize these people. If the States upon whom the duty primarily rests do not do it, then the Federal Government must see that it is done. It is a question truly national in its scope and importance.

HISTORY OF FEDERAL AID.

The Federal Government until recently has done very little for education. The ordinances of 1785 and 1787 set aside certain portions of the public domain to be given perpetually for schools. Thus we see that from the very beginning of our Government and prior thereto it was the intention to aid schools and the general cause of education. But up until 1862 the General Government did substantially nothing for schools. In that year what was known as the Morrill Act was passed, distributing to certain land-grant colleges the income from Federal land-grant funds. This act was afterwards amended so that the funds distributed were larger. On March 2, 1887, the Hatch Act was passed, establishing agricultural experiment stations and adding to the fund appropriated. It is true that in 1819 an appropriation of \$1,000 was made for Indian schools, but only in 1876 were appropriations begun to be made regularly for such schools; and, beginning in 1884, a like appropriation was begun for education in Alaska.

In 1907, what is known as the Nelson Act, enlarging the appropriation to the land-grant colleges, was passed, and in 1906 the Adams amendment to the Hatch Act was added, increasing that yearly appropriation. All told, up to 1914, through a period of more than 118 years, the Federal Government appropriated for schools a total of \$172,715,689. Of this, \$122,000,000 had been devoted to Indian schools and Alaskan schools. How much of it went to other Territorial schools can not be stated with accuracy. At all events, it thus appears that less than \$50,000,000, in a period of more than 118 years, was what the United States had spent for agricultural colleges and experiment stations. Since 1914, under these old acts and under the Smith-Lever Act, the Smith-Hughes Act, and the vocational education act, the Federal Government has spent for education the sum of \$229,299,628. In other words, in the last 6 years the Federal Government has appropriated for education in the United States more than four times as much money as during the preceding 118 years. During the present fiscal year the amount appropriated is \$110,022,190, or more than twice as much as during the 118 years prior to 1914. I take great pleasure in the thought that I was privileged to vote for, work for, and speak for these measures passed during the last 6 years.

NO INTERFERENCE WITH STATE RIGHTS AND DOES NOT AFFECT DENOMINATIONAL SCHOOLS.

It has been erroneously urged against all of these measures that they constitute an invasion of the doctrine of State rights. They do not. In none of these acts is the control of schools by the States and local communities interfered with, nor do they in the slightest interfere with the private or denominational schools. I would not support any provision that did take away the control by the States and local communities of their schools, nor would I interfere in the slightest with private or denominational schools. All of them are good and need to be fostered and encouraged. We can not have too many schools. The charge that any of these laws or contemplated laws affect adversely denominational schools is based on lack of information as to the laws. It has not been long ago that many good people were opposed to State or county free schools. They then claimed that they were an invasion of the rights of personal liberty of the citizen to educate or not educate his children as he saw fit. Few people hold to that view now, and it will soon be so as to Federal aid.

MILITARY TRAINING IN STATE SCHOOLS AND COLLEGES.

While a member of the Committee on Military Affairs in the House I introduced and earnestly supported a bill creating military schools in the various States for the purpose of training military officers and at the same time giving a great number of worthy young men in all the States a first-class college training. I was not successful with that bill, but in the act of June 4, 1916, the committee authorized a substitute military educational training provision, out of which has grown the Reserve Officers' Training Corps. I supported that measure very heartily; it passed; and the result is that the Federal Government is now training about 100,000 boys in the various schools and colleges of the United States. In Tennessee there are being trained at the University of Tennessee 282; Knoxville High School, 455; Memphis High School, 614; Nashville High School, 649; Chattanooga High School, 581; Castle Heights, Lebanon, 225; Branhams & Hughes, Spring Hill, 114; Columbia Military School, 158; Massey Military School, Pulaski, 126; Sewanee Military Academy, 150; Sweetwater Military Institute, 161; in all, 3,515. All these institutions have been greatly benefited by Federal aid.

FEDERAL SYSTEM OF SCHOOLS IN REGULAR ARMY.

I have been at all times an ardent champion of education in the Regular Army. The Army reorganization act of 1916 provided for vocational training in the Army. I was one of the promoters of that provision of the law. Each year since I have sought to make the appropriation for this purpose large enough to give all boys in the Army who want to be educated a real practical education. In the last Army bill I fought for more than a week to secure an appropriation of \$2,500,000 for the purpose of giving young men in the Army vocational training. I did secure this sum in the Senate. In a compromise in the conference between the two Houses I secured \$1,500,000, and while this particular bill was vetoed, I am sure that the present Congress will not cut it down below that sum. We gave more than 100,000 young men in the Army vocational training of one kind or another last year. I would like to see the Army made a great educational institution in which boys could serve for two years and come out well educated and well equipped for the battles of life. This education might even be made compulsory. We must popularize our Army and make it a highly beneficial peace-time organization as well as a more efficient fighting force in time of war.

BENEFITS OF FEDERAL AID TO TENNESSEE.

Mr. President, I next want to point out what benefits have come to my own State of Tennessee under the provisions of the various Federal educational acts. Under the original Morrill Act with amendments the University of Tennessee received in 1920-21, \$23,960. Under the Morrill and Nelson Acts the University of Tennessee received last year \$38,000, and the Agricultural and State Normal School for Negroes at Nashville received \$12,000. Under the Hatch-Adams Act the University of Tennessee received \$30,000. Under the Smith-Lever Act, expended under the direction of the University of Tennessee, our State received last year \$172,540. Under the Smith-Hughes Act providing for vocational agricultural training, Tennessee received last year \$81,045, distributed for the pay and training of teachers in some 49 counties; and I am told that these teachers are doing an excellent and much-needed work in each county. For trade and industrial schools the Knoxville city schools, the Crockett Vocational School at Memphis, the Nashville city schools, and the Chattanooga city schools are receiving substantial aid; in home economics the Knoxville, Memphis, Nashville, Paris, and Orlinda schools are receiving substantial aid; likewise schools at Linden, Fayetteville, Greenfield, and Maryville. In vocational training there are schools at Chattanooga, Knoxville, Nashville, Athens, Bristol, Coopersville, Jackson, Johnson City, Lebanon, McMinnville, Memphis, and Sewanee. The University of Tennessee also received last year \$17,880 for industrial rehabilitation work. All of these sums aggregate \$375,495, of which the University of Tennessee received \$282,380, much of which was expended in farm extension work throughout the State. Neither the University of Tennessee nor any one of the experiment stations, nor any one of the 49 schools that received aid under the Smith-Hughes bill are now or have been under any hampering Federal control. I do not believe anyone can say that the expenditure of this large sum of money—and the sum will be larger next year—in the State of Tennessee will not be of the greatest advantage. When we understand that there were, in 1911, 113 graduates in agriculture and engineering at the University of Tennessee, and that by 1920 there were 420, we can see the good results of this legislation.

SO-CALLED SMITH-TOWNER BILL.

The Smith-Towner bill, which has been the subject of much debate in Congress and out of it during the past two or three years, has been again introduced. The bill creates a depart-

ment of education and a secretary of education. This will doubtless be changed by making it a bureau in the new proposed department of public welfare. Generally speaking, the bill appropriates \$100,000,000 to be apportioned among the States under the following heads: Seven million five hundred thousand dollars for the removal of illiteracy; \$7,500,000 for Americanization; \$50,000,000 for equalizing educational opportunities; \$20,000,000 for physical education, including health, education, and sanitation; and \$15,000,000 for the preparation of teachers. Here again the question of Federal control of education in the States is frequently raised. There is no provision in the Constitution of the United States giving the Federal Government control of education, but, on the contrary, the tenth amendment to the Constitution reserves this control to the States, and if the proposed bill is passed, it will not provide for any Federal control. There will be no more Federal control in this instance than there is now under the laws in existence, and surely no one will argue that there is any Federal control under those laws. If the bill is passed, the allotment going to Tennessee will be \$2,418,928.92. Of this sum \$437,696.96 will be devoted to the removal of illiteracy in our State. When we recall that in 1910 there were 219,507 illiterates in Tennessee, 122,454 whites and 98,541 colored, 10 years and over, the conclusion is inevitable that the enactment of this law would be of the greatest advantage to education in our State. We also have 18,607 foreign-born immigrants, and \$10,326.86 will be devoted to their Americanization. The bill is so worded as to require the States accepting the funds appropriated in the bill to furnish themselves better common-school educational facilities, and, in my judgment, it will prove to be of the greatest benefits in the removal of illiteracy throughout the country, while it will not in the slightest degree interfere with the local control of any schools. Some say that this is Federal extravagance, yet these opponents of the bill did not protest at all when our Government turned over \$100,000,000 to be distributed by Mr. Hoover to such destitute Europeans as he thought deserved relief, including many Germans and Austrians, just after the war; nor have they protested against the payment of \$25,000,000 to the Republic of Colombia for doing her the greatest good that she ever received as a nation, namely, the building of the Panama Canal; nor have they protested against the expenditure in the last few years, excluding the war years, of countless unnecessary thousands of millions of dollars for the Army and Navy. It seems that some feel that the only time for the Federal Government to be economical is when it is proposed to educate the illiterate.

WHAT TENNESSEE MAY EXPECT.

Since I have been in Congress, by reason of the laws which I have helped to enact, Tennessee has received \$820,177 more for education than she would have received if the laws had not been enacted. If the so-called Smith-Towner bill is passed, she will receive \$2,418,928.92 additional, or more than \$3,200,000 for all educational purposes. I shall do everything in my power to have this legislation enacted.

AN EDUCATED TENNESSEE AND AN EDUCATED AMERICA.

According to the 1920 census, soon to appear, there is a total of 182,574 illiterates over 10 years of age in Tennessee to-day. Of these 79,502 are colored and 103,072 are white. The number of white illiterates in Tennessee is distressing. It is true that this is a decrease of 19,382 since the 1910 census, but it is a long way from the goal of an educated Tennessee. At this rate of decrease, it would take 50 years to stamp out even white illiteracy. We must do better during the next 10 years. Our common schools have progressed very much in the last 10 years, and our colleges and universities also. The teachers provided under the Smith-Hughes law will be of great service during the next 10 years. Sergt. York, the great hero of the German war, has given a splendid impetus to education among the mountain boys and girls by his efforts since he came back from the great war covered with glory. Innumerable other men and women in the State have given their time, their talents, and their money to put Tennessee among the leaders in all educational work. We must all put our shoulders to the wheel and push in order to stamp out illiteracy within our borders. The exact figures for each county should be obtained and placed in the hands of county superintendents and county teachers, and a drive should be instituted to eradicate all white illiteracy. Largely of Anglo-Saxon, Scotch, and Irish origin, our white race in Tennessee has not been tarnished by the intermingling of inferior blood, and of this we are very proud. The Tennessee stock is almost purely American. The result is that we are not menaced by any anti-American spirit, as some of our sister States are. There is but one menace, and that is the large percentage of illiteracy. It should not be, and it must not be. With the State and private institutions that we

have, with the great body of schools that we have, with the large Federal contributions that come to us, we have the opportunity, in the next 10 years, to make our people the highest exemplification of the purest bred, best educated, soundest principled Americans on the continent. Tennesseans, we must do it.

Nor should we fail to do our part toward the Americanization of all of our people. It is the best and only way to maintain American institutions and make them everlasting, as they should be. It is the only way to stamp out bolshevism, socialism, communism, and other isms that are born of ignorance and are prevalent in some communities in our sister States. We do not have these troubles in Tennessee. Respect for law can only come from ability to read and understand. Fealty to a free government can only come from personal knowledge gained by intelligent reading and understanding of the principles of free government. The United States must be freed from the menace which ever arises from illiteracy.

Mr. BORAH. Mr. President—

Mr. McKELLAR. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, the plan which the Senator from Tennessee has in his mind will cost a great deal of money. Where are we going to get it?

Mr. McKELLAR. The plan that I have in mind is the plan that is being pursued by the Government to-day and the money for it is being appropriated. I would suggest, however, that we could very properly and safely reduce our great war expenditures and devote a small portion of the money thereby saved to the education of the youth of the land.

Mr. BORAH. Let me make another statement, and I shall not interrupt the Senator further.

I saw a press statement some time ago to the effect that there were 90,000 children in one city in this country who were kept out of school because their parents were unable to buy their clothes and because of the malnutrition of the children for want of food. So long as the Government's expenses are what they now are, how are we going to relieve the people from the burdens which prevent them from educating their children at the time and prior to the time that it is possible for the Government to take hold of the children and itself educate them?

Mr. McKELLAR. Mr. President, I am sure I realize what is going through the mind of the distinguished Senator from Idaho—that so long as our enormous expenditures for Army and Navy are continued we shall have but little money to do these needful and helpful things for our own country, and that the enormous burden of taxation has brought great trouble upon us. I sympathize with the proposition of the Senator from Idaho. I expect to vote, I will say to him and to the Senate, for a disarmament resolution, perhaps not just in the form that it shall be presented, but I believe that it is the duty of the great nations to get together and agree upon a plan of disarmament, so that the tax burdens upon the people may be lessened, and so that other very necessary governmental functions in our country may be carried on. It is monstrous, when we come to think of it, that there are probably in the neighborhood of 15,000,000 of our people who are illiterate or quasi-illiterate. It is true that the census figures give the number of illiterates as about 5,000,000, but they give also many million more who are semi-illiterate. The question of education is a national question; it is a question that ought to have the serious consideration of the Congress, and I am sure will have it.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. I yield.

Mr. HARRISON. How are we going to bring about disarmament entirely and carry out the ideas of the Senator from Idaho [Mr. BORAH] and the Senator from Tennessee [Mr. McKELLAR] when the party lash has been applied to the other side of the aisle by the one highest in authority in Republican council?

Mr. McKELLAR. That is the great practical difficulty, Mr. President, which we have to confront. It is most unfortunate that these great questions can not be settled by the Congress itself without outside interference. I believe that we would come much nearer getting together upon a proper program if we undertook to settle the matter ourselves, without outside official pressure. Left to itself I am sure the great body of the Senate is favorable to some safe plan of disarmament.

Mr. KING. Mr. President, there are so many controversial questions before us now that I shall not undertake to precipitate another by engaging in a discussion with the Senator from Tennessee. I shall only express my regret that he has endorsed a policy which is at variance with Democratic principles, and has confessed the failure of Democratic institutions in our form of government. His position is a condemnation of

the States and an indictment of the capacity of the people to govern themselves.

In my opinion the States will measure up to the requirements placed upon them. The people are competent to handle their local and domestic affairs, and when fully acquainted with the question involved in this plan to project the Federal Government into the local concerns of the States they will repudiate it and call upon their respective States to fully discharge any and all obligations devolving upon them. There will be no confession of State degeneracy and the necessity of aid from the Federal Government in order that the people and the sovereign States may perform the duties which they have voluntarily assumed. If Tennessee has failed in any respect in the past, I am sure that the patriotic people of that great State will make full amends in the future. I know the courage and spirit of the sons and daughters of Tennessee. They ask for no benefactions and largesses from the Federal Government in order that they may be relieved of duties which rest upon their State. Moreover, any contributions made by Congress must be taken from the people, including the residents of Tennessee. They can collect their own taxes and expend the same better than can the bureaucracy of Washington. The duties and functions of the State are clear, and there has not been granted to the General Government the power to control education or tax the people for domestic matters. The Federal Government has only delegated powers, and it may not transcend them.

I am sorry to see my good friend depart from sound Democratic principles and declare his support of policies which rest upon bureaucracy and paternalism and which in time will eventually change our form of government.

Mr. McKELLAR. Mr. President, before the Senator goes out I want to say that the position the Senator takes is a position that many men have taken before him. Many men have opposed progress in this country. It is the same position that the unprogressive always take.

I recall the time when there were men in many communities throughout the country who did not believe in free schools at all. They did not believe in county free schools. They did not believe in State free schools. They said education was not a function of government; that a man ought to be permitted freedom to bring up his children without education or with it, just as he saw fit; that it was not a question of whether the children ought to be educated, but it was a question of the particular views of the father of those children, and if the father wanted to keep them uneducated it was not the public's business.

I thank God that that day has passed, and that the rights of children that are brought into the world are now considered by the counties, the State, and even by the United States as a matter of public good.

THE AIR SERVICE.

Mr. DIAL. Mr. President, I noticed recently with great pleasure that the Secretary of War and the Attorney General are looking into the acts of certain people during the war, and are considering prosecuting them. Along this line, being in favor of economy, I desire to introduce and have printed in the RECORD an article showing the great extravagance and waste in the Air Service.

I ask unanimous consent that this article by H. L. Scaife, former captain in the Air Service, be printed in the RECORD. It begins on page 3 of the magazine which I send to the desk.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Is there any objection?

Mr. HALE. What is the request?

The PRESIDING OFFICER. The Senator from South Carolina requests unanimous consent to have an article published in the RECORD. Without objection, it is so ordered.

The article referred to is as follows:

[From the April, 1921, number of Current History, pages 3 to 18.]

WHAT WAS THE MATTER WITH THE AIR SERVICE?

[By H. L. Scaife, formerly captain in the United States Air Service.] [The astonishing story, drawn wholly from official records, of one of the most colossal failures in human history—How the United States spent upward of a billion dollars for aircraft production without producing a single fighting plane on the battle front.]

Maj. Gen. Mason M. Patrick, who was Chief of the Air Service of the American Expeditionary Forces in France, having been duly sworn as a witness in the House investigation, made the startling statement that when hostilities ceased our rank in aviation was far behind any of our allies and far below the enemy's strength; that so far as the manufacture of pursuit or bombing planes in the United States was concerned we were in practically the same position as when we entered the war; and that so far as the manufacture of pursuit planes or bombing planes in the United States is concerned it would probably be eight or nine months from the time they settled on the type before they would produce it in quantities. (House hearing on aviation, p. 232.)

What was the matter with our Air Service? Why did the construction end of it fail?

The great achievements of the United States in the World War have passed into history and they will overshadow many shortcomings which were inevitable in so great an undertaking. The story of the loyalty, sacrifices, and daring of American aviators will fill thrilling pages. In all the investigations there has been nothing but praise for them; no breath of scandal has touched the American birdmen. Aviation, commercially and as an arm of the Military Establishment, has come to stay, and millions of dollars of public funds will be appropriated annually for its maintenance and development. If there was anything wrong with the Air Service, instead of throwing a sheet over the corpse, we should go to the bottom of the tragedy and make sure that the untoward elements in it shall not repeat themselves in our history.

The casualties among our aviators in time of peace, as well as in war, make this branch of the service one where the record ought to be an open book. Because it has become a bone of contention in politics, however, the average man has been bewildered by conflicting statements and does not know whether our air program in the war merits praise or censure. Neither has the average man an inclination to examine approximately 25,000 pages of testimony to reach a fair and just conclusion.

THE TASK WE UNDERTOOK.

America's part in the interallied war program was "to win the war in the air," and the special undertaking entrusted to us by our allies was to create a fleet of airplanes which, our Government officially announced, would be decisive of the war before an American army could be placed in Europe. England, France, Italy, and Germany successfully carried out their air programs, and each of these nations produced enormous quantities of airplanes. When we undertook the production of aircraft we had the advantage of the experience of our allies; their best experts were sent over to assist and to warn against the mistakes they had made.

Preparations for our aircraft production began in April, 1917, and on July 24, 1917, Congress appropriated \$640,000,000, which was our first outlay, to carry out the aircraft program. The official statistics show that in the nine months from January 1 to October 1, 1918, Great Britain produced 23,509 airplanes, France 18,833, and Italy 2,928, a total of 45,270. (Report of Maj. Gen. M. M. Patrick, House hearings, aviation, p. 561A.) American production has been a matter of controversy, but the main points can easily be cleared up with proper explanations. It has been stated frequently that an airplane of American make did not reach the battle front, while, on the other hand, it has been asserted by the War Department that at the time of the signing of the armistice there had been delivered for the use of the Army 16,952 airplanes, of which 11,754 were produced by American contractors and 5,198 procured from our allies. Paradoxical as it may appear, in a sense both of these claims may be correct; and at the same time both are misleading and untrue.

THE TRUTH IN A SENTENCE.

The simple fact is that no American-made fighting plane reached the battle front.

For military purposes there are various types of airplanes, the two great classes being training planes and service planes. Training planes are elementary and advanced. Service planes are divided into four classes—combat or pursuit, observation, day bombers, and night bombers. According to the testimony of Gen. William Mitchell, of the Air Service, in the House hearings, the plans called for 20,000 airplanes on the line and in reserve by the beginning of 1918, and it was estimated that the losses of machines which reached the line of battle would be 25 per cent per month. On June 8, 1917, the official announcement was made that a fleet of 25,000 airplanes would be created. The American program called for enormous quantities of bombing planes and fighting planes which could cope with the Germans and, with overwhelming numbers, drive them from the sky.

The 11,754 airplanes of American manufacture claimed by the War Department are maximum figures of gross production, regardless of the use, if any, to which these planes might be put. These figures include "penguins," which were not intended to fly; training planes and observation planes, which could not be employed for fighting purposes; and thousands of airplanes, such as the Bristol, the Standard J, and various others, which were found to be unsafe and were condemned and junked. According to the testimony of Col. Edgar Gorrell and the tables of statistics submitted from the War Department, the total number of American-built airplanes available for use in the American Expeditionary Forces on November 11, 1918, was 798 De Havilland 4s, of which 196 were on the front, 270 were being used for training in flying schools, and 332 were in the air depots. (House hearings, aviation, p. 3457.) It will thus be seen that the greatest contribution of American aircraft production was the De Havilland 4's, which, as will be shown, could not be used for fighting or pursuit.

The exact number of De Havilland 4's on the front at the time of the signing of the armistice has been officially given by Gen. Pershing and reported by the Frear committee as 213, which is slightly in excess of the actual number, as shown by the following testimony of Col. Gorrell in the House hearings (p. 3455):

"In all our tabulations in all our records we have used the figure 213 as being the number of DH-4s on our front. That was furnished us by the telegram from our front at the time of the armistice. A short time ago the same office that furnished the figure 213 said that 196 was correct instead of 213, previously given to us."

OFFICIAL CONFIRMATION.

The De Havilland 4's being useless for purposes of combat, the qualified statement that not a single fighting plane of American make reached the front during the period of the war can be accepted as an historic fact. The following testimony of Gen. Pershing before the Committee on Military Affairs of the Senate and House of Representatives on October 31, 1919 (ibid., p. 3968), is both explanatory and conclusive:

"Mr. JAMES. How many American fighting planes were there in France at the signing of the armistice?"

"Gen. PERSHING. None. We had the De Havilland 4's."

On August 13, 1918, Hon. John D. Ryan, Director of the Bureau of Aircraft Production, testified as follows before the Senate committee investigating aircraft production (p. 1162):

"Senator REED. That is true, anyway, is it not, that we were capable of quantity production of the 150-horsepower Hispano-Suiza; is that right?"

"Mr. RYAN. Yes, sir."

"Senator REED. It is also true that that engine works admirably in the Spad machine, which was an up-to-date fighting machine?"

"Mr. RYAN. I think so."

"Senator REED. It is a machine that is still used by the French and is regarded as one of the best machines?"

"Mr. RYAN. That is true."

"Senator REED. As a matter of fact, we have not a single American-made fighting machine anywhere, have we?"

"Mr. RYAN. I think that is true; that is, that is finally accepted."

Although there are to-day persistent official reports to the contrary, the matter as to whether or not we produced a fighting plane might be considered at rest in view of the testimony of Hon. Newton D. Baker, Secretary of War, before the House committee on July 31, 1919 (House hearings, aviation, p. 46):

"Mr. FREAR. And we did not during the whole period of the war get a fighting machine or a bombing plane?"

"Secretary BAKER. Not a fighting machine or a bomber of American manufacture."

Notwithstanding their losses, at the time of the armistice the French had on the line 3,321 planes; England, 1,758; Italy, 812; Belgium, 153; the United States, 740; Germany, 2,730; and Austria, 822. The combined strength of enemy planes was 3,852 and that of the Allies 6,784 (House hearings, aviation, p. 3462). Of the 740 planes belonging to the American forces, 527 had been furnished by our allies, and the only ones of American manufacture were the 213 De Havilland 4's, which number is reduced to 196 by the testimony of Col. Gorrell, of the War Department, as already shown. The total losses of the American aviation forces during the war due to action on the part of the enemy were 290 airplanes and 47 balloons, and 1 balloon which was blown over the lines (ibid., pp. 3463 and 3464). The relatively small number of casualties, as pointed out in the testimony of Gen. Menoher, was due to the fact that the United States Air Service really entered the aerial warfare at the culmination of activity (ibid., p. 556A). Whatever the significance might be, aviation fatalities in this country reached a much higher figure than those which occurred in Europe.

MR. BORGLUM'S INVESTIGATION.

The first substantial efforts from the outside to call attention to the fact that the American aircraft program was doomed to failure unless the situation was promptly remedied were those of Gutzon Borglum, the well-known sculptor, who prior to the war had been interested in aeronautics, and who now deserves to be decorated for his services in attempting, against insurmountable obstacles and humiliations, to prevent the greatest military and financial catastrophe in the history of our country. These words do not overstate the case, for, considering that the expenditures amounted to three times the cost of the Panama Canal, or about \$10 for every man, woman, and child in America, the aircraft fiasco was probably the greatest financial failure in human history. The public funds expended reach a figure which is beyond conception and has been represented as being \$1 for every minute from the birth of Christ to the present time. The purpose of the people who furnished the money was to provide 20,000 airplanes by the beginning of 1918 if it cost a kingdom.

Mr. Borglum's investigations were begun with the consent of the President, and his charges were generally supported in a report by the investigating committee of the Aeronautical Society of America (Congressional Record, vol. 56, pp. 5920-5928). Notwithstanding the difficulties he encountered and the efforts made to discredit him, his work resulted in disclosures and charges sufficient to attract the attention of the President and the Senate. Finally the matter was taken up by the Senate, and hearings were begun before what is known as the Thomas committee, which took 1,226 printed pages of testimony, and its findings were set forth in Senate Report No. 555, Sixty-fifth Congress, second session. The majority of this committee were Democrats. The report was made during the war, when politics were adjourned, and the findings were unanimous.

WORK OF MR. HUGHES.

About the same time an independent investigation was undertaken at the request of the President by Hon. Charles E. Hughes, recently an Associate Justice of the United States Supreme Court, who has since become Secretary of State. This investigation was undertaken in response to the following letter:

MAY 13, 1918.

HON. CHARLES E. HUGHES,
9 Broadway, New York City.

MY DEAR MR. HUGHES: You have doubtless noticed that very serious charges have been made in connection with the production of aircraft.

Because of the capital importance of this branch of the military service, I feel that these charges should be thoroughly investigated and with as little delay as possible, in order that the guilty, if there be such, may be promptly and vigorously prosecuted and that the reputations of those whose actions have been attacked may be protected in case the charges are groundless.

I requested the Department of Justice to use every instrumentality at its disposal to investigate these charges, and, with the approval of the Attorney General, I am writing to beg that you will act with him in making this investigation. I feel that it is a matter of very great importance, and I sincerely hope that you will feel that it is possible to contribute your very valuable services in studying and passing upon the questions involved.

Cordially and sincerely, yours,

WOODROW WILSON.

In the Hughes investigation about 280 witnesses were examined and over 17,000 typewritten pages of testimony were recorded; the report and findings consisted of 182 printed pages. This investigation was made with the cooperation of the Department of Justice, and the report was submitted, through the Attorney General, to the President. To this work Judge Hughes devoted five months, taking testimony in different parts of the country, and it is said that for his services he refused to accept pay.

THE FREAR HEARING.

The last major investigation of the Air Service was that by the House Committee on Expenditures in the War Department, the testimony taken by the subcommittee on aviation, known as the Frear Committee, comprising more than 4,000 printed pages. Unfortunately, while this committee was sitting, a political campaign was coming on, and in the findings charges of bias were bandied back and forth. In all the subcommittees investigating war expenditures, majority reports, subscribed by all the Republican members, and minority reports, subscribed by all the Democratic members, were filed. Hon. CLARENCE F. LEA, the Democratic member of the subcommittee on aviation, frankly made the following statement in the hearings (House hearings, aviation, p. 456):

"The Hughes investigation was strictly a nonpartisan investigation and as free from political influence as an investigation could be. Here we have a bipartisan investigation. Personally I am inclined to believe

that perhaps Congress made a mistake in making it a bipartisan investigation. I think an investigation similar to the Hughes investigation would have been a preferable method of developing the facts, and the results would have been accepted by the country as a correct disclosure."

GIST OF THE REPORTS.

Political partisanship in a matter which strikes close to the vitals in our national life is, indeed, not an edifying exhibit; nevertheless, political rivalry in such a hearing is not without advantage, as there is a tendency to bring out and develop the facts. If one is dissatisfied with the findings in the conflicting reports, the testimony of the witnesses will be sufficient to furnish a fair conclusion.

The Senate committee and Judge Hughes reported that efficient planes could have been produced in large quantities.

On August 22, 1918, the Senate committee reported that as early as October, 1917, we were in possession of the necessary facilities to construct the Caproni, a powerful and successful bombing plane, approved by both Italian and English aeronautical engineers, and that, although expert Italian engineers had been on the ground to assist, only one experimental machine had been produced up to August 22, 1918, the date of their report (p. 2). They further found that nearly a year had elapsed since we might have begun on these machines, and that they could have been in quantity production. Judge Hughes's report (CONGRESSIONAL RECORD, bound vol. 57, p. 898), filed about three weeks before the armistice, stated:

"We have not as yet sent from this country to the battle front a single pursuit or combat plane, as distinguished from the heavy observation or bombing planes, and, after giving due weight to all explanations, the fact remains that such pursuit planes could have been produced in large quantities many months ago had there been prompt decision and consistent purpose."

Lieut. Testoni, of the Italian Army, an expert in the technical department of aviation, who was sent to this country with a corps of men to assist in the manufacture of the Caproni, was asked by the Senate committee to detail his experiences. He said: "As to the Caproni machine, I know this: That the Government will say, 'We will do it,' and then 'We will not do it,' and then they will say, 'We will do it,' and yet they do not do it." During the interval of delay both of the Italian pilots who were sent to this country to test and fly the Caproni were killed in other machines, and at the time their report was filed the Senate committee found that the Caproni program was then awaiting the arrival of other Italian pilots to test the experimental machine.

Seeing that the United States would not produce planes in quantity, early in 1918 France offered to furnish us all the fighting planes we needed, provided we would send over the raw material. Although it was agreed that we would send this material to France, Gen. Kenley testified that we did not live up to the agreement. (S. Rept. No. 555, p. 9.) Lieut. La Guardia testified that if we had made good our promise to furnish material to the Italians, they could have given us enough Caproni planes by the middle of 1918 to have bombed Berlin with perfect confidence and ease; but that he had seen the Caproni factory stopped for want of coal; that at another time they stopped because they had no cables for the machines, and that at one time they had no steel. (House hearings, aviation, p. 125.)

It has been stated that one of the best machines used by either side was the German Fokker. Anthony Fokker, a citizen of Holland and the inventor, was quoted by the newspapers in this country on November 12, 1920, as stating that in 1912 he offered these planes to England and America before he turned them over to Germany.

Eddie Rickenbacker, one of America's foremost aces, who had 26 victories to his credit, and many decorations, declared that there were no American fighting planes sent over, and he makes the following statement in his book, *Fighting the Flying Circus*, page 14:

"The Germans had seen the spring months pass, and, instead of viewing with alarm the huge fleet of 20,000 airplanes sweeping the sky clear of German Fokkers, they had complacently witnessed the Fokkers occupying the air back of our lines whenever they desired it, with never an American plane to oppose them."

As to the De Havilland 4's Rickenbacker testified before the House committee that they were obsolete at the time they arrived at the front, and the following reference is made to them in his book, page 337:

"From every side Fokkers were plying upon the clumsy Liberty machines, which, with their criminally constructed fuel tanks, offered so easy a target to the incendiary bullets of the enemy that their unfortunate pilots called this boasted achievement of our Aviation Department their 'flaming coffins.' During that one brief flight over Grand Pré I saw three of these crude machines go down in flames, an American pilot and an American gunner in each 'flaming coffin,' dying this frightful and needless death."

MISLEADING PUBLICITY.

The public was deceived by false and misleading statements given to the press with official sanction. It is not difficult to discover the day this began and the method by which the public was misled into believing that fighting machines were being sent abroad. On this point the report of Judge Hughes may be briefly quoted:

"In the face of delays in production a series of misleading public statements were made with official authority."

In February, 1918, Secretary Baker authorized the public statement that "the first American-built battle planes" were en route to France. (Aviation, Mar. 1, 1918, p. 175, and other current publications.) After the public had been led by various newspaper dispatches to believe that the United States had reached quantity production, the Official Bulletin of March 28, 1918, released for publication in the American press on March 30, 1918, a series of photographs, alleged to be pictures of airplanes and aviation fields in France, and furthering the inference of a large production of American-built airplanes. The public was invited, through the Government's Official Bulletin, to purchase copies of these pictures at 10 cents each, or stereopticon slides at 15 cents, by sending applications to the Division of Pictures, Committee on Public Information, 10 Jackson Place, Washington, D. C. An inspection of these pictures during the examination of Secretary Baker in the Senate hearings (Vol. II, pp. 1134 and 1140) disclosed the fact that they were not photographs of American airplanes, but of French training planes, and a closer examination under a glass revealed the foreign names on them; pictures represented to be airplanes in France proved to be "penguins," which could not fly and were not intended to fly, but were made for beginners to run with on the ground as a part of their preliminary training, in which the machines rise a few feet and immediately drop back to the ground.

On March 29, 1918, the day before these pictures were to be released for publication, as announced by the Official Bulletin of the preceding

day, there was a storm of protest from members of the Committee on Military Affairs on the floor of the Senate. Members of this committee declared that the committee on public information was proceeding with these publications, although their attention had been called to the fact that the information they were giving out was false, and promise had been made to the Committee on Military Affairs that every newspaper in the country to which these pictures had been sent would be instructed not to publish them. Senator Thomas, of this committee, denounced them on the floor of the Senate as "primarily, secondarily, directly, and indirectly a fraud upon the press of the country." (CONGRESSIONAL RECORD, vol. 56, pp. 4254-4256.)

Notwithstanding these protests, misleading information continued to be sent out until the end of the war. Shortly after this episode, when vehement protests were made by Senators of both political parties, an article was published by Secretary Baker, in which it was stated that "Whereas a year ago not a single good battle plane was being turned out in America, now we are producing battle types of the very latest design." (Scientific American, Apr. 6, 1918, p. 320.) Notwithstanding the sworn statements hereinabove cited, including that of Secretary Baker, that not a fighting plane of American make was produced during the whole period of the war, the Government Printing Office is now offering for sale to the public a book in which it is stated (p. 243) that we produced "3,328 fighting planes." (American Munitions, 1917-1918; price, \$2.) It is also offering for sale another book in which, under the caption of "Fighting or Service Planes," the statement is made (p. 47) that "the actual production of service planes, airplanes built in this country and fully equipped to fight in France, was confined to the De Havilland 4 machines." (United States Army Aircraft Production Facts; price, 10 cents.)

As to the persons in the War Department responsible for giving such information to the Committee on Public Information, Judge Hughes reported that it was evident the matter called for immediate investigation and for suitable disciplinary measures, but that no steps were taken "either for correction or punishment." (CONGRESSIONAL RECORD, vol. 57, pp. 902-903.)

"THE TERROR OF THE AIR."

A sample of the misleading pictures in question is reproduced with the present article. On February 14, 1918, the Committee on Public Information released for publication photograph No. 2339 of the old Nieuport monoplane, which had been discarded by the French for two years, and which was 40 miles an hour slower than the planes they were then using, with the following official description:

"No. 2339. The terror of the air. * * * This Nieuport monoplane, the fastest machine in the world, and used extensively by the French in this war, has been loaned to our forces 'over there' to teach our aviators now in France how to chase and bag retreating German fliers."

In his testimony before the House committee Rickenbacker explained some of the defects of the Nieuport: The wings were liable to collapse and the gasoline tanks were in a vulnerable position and exposed. Regarding the Spad, for which the French had discarded the Nieuport, he said that in case of fire the machine could dive, and the fire would probably be wiped out by the rush of air; but with the Nieuport on fire the only chance was to jump, as the position of the fire would make escape impossible. As to this Nieuport, officially described as "the terror of the air" and the "fastest machine in the world," Rickenbacker makes this statement on page 119 of his book:

"From the frequency of accidents to our Nieuports it may be wondered why we continued to use them. The answer is simple—we had no others we could use. The American air forces were in dire need of machines of all kinds. We were thankful to get any kind that would fly. The French had already discarded the Nieuport for the steadier, stronger Spad, and thus our Government was able to buy from the French a certain number of these out-of-date Nieuport machines for American pilots or go without. Consequently, our American pilots in France were compelled to venture out in Nieuports against far more experienced pilots in more modern machines. None of us in France could understand what prevented our great country from furnishing machines equal to the best in the world. Many a gallant life was lost to American aviation during those early months of 1918, the responsibility for which must lie heavily upon some guilty conscience."

Judge Hughes reported that there was no question that grossly misleading statements were published with official authority, and he recommended that they deserved the prompt attention of the military authorities.

That a certain number of training planes were produced and that the Liberty motor reached large quantity production, as well as that many other things were accomplished, there appears to be no doubt; but as to the main things—the building of planes that could be used in fighting and sweeping the Germans from the sky—it is now established that the score was zero. When the Liberty motor was finally perfected, its value for use in certain types of planes was demonstrated; this was evidenced in the flight across the Atlantic by the NC-4 (designed and built by the Navy and equipped with Liberty motors), but this flight was accomplished by the Navy and not by the War Department.

In October, 1919, several months after the Navy had put the NC-4 across the Atlantic, the Army undertook a transcontinental race, and this performance, undertaken with conditions of peace, resulted in the death of 10 aviators. In this race 73 airplanes of different types were used, 39 being unconverted De Havilland 4's and 34 converted De Havilland 4's and miscellaneous planes. Nine of these aviators were killed in the unconverted De Havilland 4's, the type of plane which the War Department had sent to France. Gen. Mitchell, testifying in regard to the transcontinental race, stated that converting the De Havilland 4's would save at least 20 per cent in fatalities (House hearings, p. 3017). Meanwhile newspaper accounts of aviation fatalities have become so commonplace that nobody takes notice except the stricken widows and children or a broken-hearted mother.

ENORMOUS EXPENDITURES.

In brief, instead of the 20,000 airplanes of American manufacture which were to decide the war before the arrival of an effective army in Europe, the only planes of American manufacture on the front when the war ended were the 196 De Havilland 4's, America tailing the list, except for the 153 planes of Belgium. Was this due to any lack of money? The report of the House Committee on Expenditures in the War Department (Rept. No. 637, 66th Cong., 2d sess., p. 2) shows that the total amount expended or obligated for Signal Corps and aviation purposes during the 19 months of war with Germany to June 30, 1919, was \$1,051,511,988 and that the expenditures or commitments for aviation alone amounted to over \$1,000,000,000.

Senator McKellar recently made the statement on the floor of the Senate that, in round numbers, the annual expenditure of Germany

for her entire military appropriation—universal training and all—from 1907 to 1911, inclusive, was \$200,000,000; that in 1912 it was \$230,000,000; and in 1913, while preparing for war, she spent \$360,000,000; and that in the year the war began she had authorized an expenditure of \$210,000,000. Measured by this standard, it will be seen that Americans paid for aviation, without producing a fighting plane, about three times the amount that Germany spent on its entire army during the year when she was making ready to enter into a world conflict.

During the last Congress one of the grounds urged for increased appropriations for aviation was that the United States did not have enough fighting planes to compete with Mexico for supremacy of the air on the border, and it was recently published, with apparent official sanction, that all the airplanes now on hand are to be scrapped. However, it is fair to call attention to the fact that even a first-class airplane will rapidly deteriorate, and in view of the hazards the War Department is right in taking no chances with the lives of aviators. The reasons given for the burning of the airplanes in France were that they were worthless and that the parts burned could not be salvaged (House hearings, pp. 221-224, 2407-2416, 3474-3479, 3978-3980).

Judge Hughes reported that the estimated profits which would be made by several of the large aircraft contractors, if their schedules were carried out, would be as follows: The Ford Motor Co., \$5,375,000; the Lincoln Motor Co. (partly owned by the Dayton Metal Products Co.), \$11,250,000; and the Packard Motor Car Co., \$15,000,000. Large sums of Government money were advanced to various contractors on which to operate. Judge Hughes stated in the findings that in the case of the Dayton-Wright Airplane Co. the paid-in capital was \$1,000,000 invested in the plant, and that advances by the Government to the extent of \$2,500,000 were authorized. The sum of \$10,800,000 was advanced to the Lincoln Motor Co.

PROFITS OF CONTRACTORS.

The profits which the Dayton-Wright Airplane Co. would have received under its original contracts were estimated by Judge Hughes to be more than \$6,350,000, not including profits on its experimental contract and its contract for spare parts of De Havilland 4's, but it was explained that agreements contained in letters for the reduction of the bogle price would make the profits on the De Havillands not less than \$3,500,000. Contracts were made on both the fixed-price and the cost-plus basis, and the report alleges that while it is probable that large profits were made on the fixed-price contracts definite information as to their extent would not be available without a survey in detail of manufacturing conditions and costs in a considerable number of plants, an undertaking impracticable in the inquiry. William C. Potter, Assistant Director of the Bureau of Aircraft Production, testified that if planes were defective or if there was bad workmanship the Government stood the loss and that the contractors would still get their percentages. (Senate hearings, v. 2, p. 1106.) As the subject is technical and there are many details, in fairness to the contractors and all concerned reference should be made to the records and to the full text of the Hughes report. (CONGRESSIONAL RECORD, bound volume 57, pp. 906-908.)

Subjects of criticism in the Hughes findings were business relations of the equipment division, of which Col. Edward A. Deeds became the active head on August 2, 1917, with former business associates and corporations with which he was connected at the time he entered the Government's service. It was alleged in the findings that a tract of 2,245 acres of land was leased to the Government by the Miami Conservancy district, of which Col. Deeds was the head, and that upward of \$3,000,000 was expended by the Government in its development, although part of the land was found to be marshy and unsuitable for the Government's purposes. The McCook Field, on which \$949,085.35 had been expended by the Government to August 14, 1918, according to the Hughes report, was owned by Col. Deeds and a business associate to whom Deeds conveyed his interest, after which the land was conveyed to the Dayton Metal Products Co., which then leased the tract to the Government. (Ibid., pp. 890-893, and S. Rept., pp. 11-13.)

The Dayton Metal Products Co., of which it was stated that Deeds originally owned one-fourth of the stock, became variously interested in Government contracts which were under the administration of Col. Deeds, and it was further reported that Deeds was one of the incorporators of the Dayton-Wright Airplane Co., which was owned by the Dayton Metal Products Co. The specifications of the Liberty motor called for the installation of the Delco ignition system in the first 20,000 engines; this system, as Judge Hughes stated, had not been used before in an airplane engine. The system was controlled by the Dayton Engineering Laboratories Co., which in turn was owned by the United Motors Corporation, of which Deeds was vice president and a director, until August 16, 1917, and on October 13, 1917, he transferred his holdings in the United Motors Corporation to his wife. Transfers of stock which he held in the Dayton Metal Products Co. were reported by Judge Hughes to have been transferred by Deeds "to intimate business associates on their unsecured notes, which are overdue and unpaid save to a small extent," but it was not found that at the time of his official service Col. Deeds was a stockholder in the concern. (Ibid., pp. 887-890.)

It was further reported in the findings that, in addition to the profits which the Dayton-Wright Airplane Co. was to receive and the profits on various other contracts with the concerns with which they were connected, four of the recent business associates of Deeds in charge of the management of these companies—"which had the assurance of very large profits upon a relatively small investment of their own money"—were being allowed salaries amounting in the aggregate to \$253,000, and that this was being charged against the Government as a part of the cost of manufacture. Confidential telegrams passing between Deeds and business associates whom he had recently left to enter the Government's service were set out as a part of the Hughes report.

Another investigation, not connected with the aircraft, recently developed documentary evidence that at the time Col. Deeds was commissioned in the Army and about the time the first contract was given to the Dayton-Wright Airplane Co., a large sum was being contributed by these interests to be used in Ohio for political purposes.

It was testified by Secretary Baker in the House hearings that he was unaware until this inquiry began that Col. Deeds had been convicted in the courts of Ohio of a criminal offense, the indictment charging a conspiracy in restraint of trade, including charges of corruption and bribery, the sentence of the court being that he pay the costs of the prosecution and that he be confined in the jail of Miami County, Ohio, for the period of one year. The verdict was filed on February 20, 1913. An appeal was taken, and on the bill of exceptions the case was sent back to the lower court for retrial, but thus far the case has never been retried (Patterson v. United States, 222 Fed., 599). Counts in

the indictment, the verdict of the jury, and the sentence of the court are set forth in the records of the House hearings on aviation, pages 50-51.

THE ENGEL AIRCRAFT CO.

Among other contracts which caused comment was that of the Engel Aircraft Co., which was organized in August, 1917, by Harry E. Baker, a brother of the Secretary of War. As reported by Judge Hughes, Mr. Baker testified that this concern was organized with a capital stock of \$1,500,000 (preferred \$500,000 and common \$1,000,000). This company took over the plant of the Engel Airplane & Motor Co. and issued its preferred stock therefor at a cost of about \$225,000. The remainder of the preferred stock was sold for cash, and the \$1,000,000 of common stock was issued to Harry E. Baker and his associates for their services in promotion. The company received a contract for 1,200 sets of spare parts at a price of about \$1,000,000. When it came to the attention of the Secretary of War that the company of which his brother was the head had received a noncompetitive contract from the Government, the contract was canceled and arrangements were made for his withdrawal from the company upon the payment of his salary and \$15,000 for his promotion services. The contract was then reinstated, and an additional order was given to this concern for 500 sets of spare parts for De Havilland 4's at an estimated cost of \$2,275,000. (CONGRESSIONAL RECORD, vol. 57, p. 901, and Senate hearings, vol. 2, pp. 974-984.)

RECOMMENDATIONS BY HUGHES.

In the closing paragraphs of the report by Judge Hughes were the following findings and recommendations, which were submitted to the President, through the Attorney General, on October 25, 1918:

"2. The evidence discloses conduct which, although of a reprehensible character, can not be regarded as affording a sufficient basis for charges under existing statutes; but there are certain acts shown, not only highly improper in themselves but of especial significance, which should lead to disciplinary measures. The evidence with respect to Col. Edward A. Deeds should be presented to the Secretary of War to the end that Col. Deeds may be tried by court-martial under articles 95 and 96 of the Articles of War for his conduct (1) in acting as confidential adviser of his former business associate, H. E. Talbott, of the Dayton-Wright Airplane Co., and in conveying information to Mr. Talbott in an improper manner with respect to the transaction of business between that company and the division of the Signal Corps, of which Col. Deeds was the head; and (2) in giving to the representatives of the committee on public information a false and misleading statement with respect to the progress of aircraft production for the purpose of publication, with the authority of the Secretary of War.

"3. The absence of proper appreciation of the obvious impropriety of transactions by Government officers and agents with firms or corporations in which they are interested compels the conclusion that public policy demands that the statutory provisions bearing upon this conduct should be strictly enforced. It is therefore recommended that the officers found to have had transactions on behalf of the Government with corporations in the pecuniary profits of which they had an interest should be prosecuted under section 41 of the Criminal Code."

On October 31, 1918, Hon. T. W. Gregory, Attorney General, in transmitting this report to the President, stated that at the conclusion of the taking of testimony both he and Judge Hughes, without conference with each other, considered the evidence, and that in this manner each reached his own conclusion and prepared a report; that he found it unnecessary to present the report which had been prepared in the Department of Justice, and that he found himself in accord with the conclusions presented by Judge Hughes on questions of dishonesty and malversation. However, the Attorney General made many carefully guarded and qualified statements, and his report needs to be read at length. (House hearings, aviation, pp. 3862-3868.)

EVERYBODY PARDONED.

On December 3, 1918, the announcement was authorized by the President that, on the recommendation of the Attorney General, he had pardoned without trial Lieut. Col. J. G. Vincent, vice president of the Packard Motor Car Co., and Lieut. Col. George W. Mixer, who had owned a small amount of stock in the Curtiss Airplane & Motor Corporation, and who, according to Judge Hughes's recommendation, was to have been prosecuted under section 41 of the Criminal Code (the New York Times, Dec. 4, 1918). Later similar action was taken as to the others whom Judge Hughes had named for indictment. This left the case of Col. Deeds to be disposed of by a military court.

The matter was referred to Brig. Gen. S. T. Ansell, the Acting Judge Advocate General, and a board of review, consisting of Miller, Tucker, and Keedy, judge advocates. On November 11, 1918, Gen. Ansell filed a report, directed to the Chief of Staff, stating that the report of Judge Hughes "so clearly indicates conduct calling for his trial by general court-martial" that "the only adequate disposition of the case as to Col. Deeds is the preferring of charges against him as above recommended." It was further reported that if Col. Deeds was under oath when he testified before the Senate committee, and if the statement made by him there, which appeared to be false, was a matter material to the investigation, he was also guilty of perjury and should be court-martialed for that offense (House hearings, Aviation, pp. 2652, 2664, 2665, 2667). On November 15, 1918, the Secretary of War directed a communication to Gen. Ansell returning his recommendations and requesting him to reexamine the case and to send for Col. Deeds, his counsel, and any other person who could aid in the inquiry (Ibid., p. 2653). On December 26, 1918, in a lengthy document, Gen. Ansell reported back to the Secretary of War that "the conclusion of this office is, therefore, that Col. Edward A. Deeds should not be tried by court-martial on account of any of the transactions discussed in this memorandum" (Ibid., pp. 2670-2686).

On January 16, 1919, the Secretary of War transmitted to the chairman of the Committee on Military Affairs of the House of Representatives a letter detailing the findings of the board of review, the letter closing with the following passage:

"Inasmuch as the purpose of Judge Hughes's suggestion has been accomplished, I have directed that all the records in this case be filed in the War Department and that this matter be considered as closed (the New York Times, Jan. 17, 1919)."

All persons under formal charges having been exonerated under the sanctity of action by Government agencies, no further steps have been taken to bring the guilty, if there be such, to justice, and no steps have been taken to fix the responsibility.

On December 20, 1918, a few days before the filing of the report of the board of review, a banquet was given in honor of Col. Deeds by associates in the War Department, at which he was given a rising vote

of confidence, and at which Gen. Squier, one of the speakers, is alleged to have stated that if Col. Deeds had not done "irregular" things the United States would not have had an air fighting force worthy of the name (CONGRESSIONAL RECORD, vol. 57, p. 1150; House hearings, Aviation, p. 59).

ENEMY ALIENS IN FACTORIES.

Judge Hughes reported that 650 enemy aliens were employed in the factories of three concerns making aircraft for the Government. He cited the case of one man who had served for a year in the German Army and had been discharged because of wounds, who was a toolmaker in one of the plants. Another German citizen was placed in charge of the milling department and later became assistant general foreman of the machine shop. Another German subject, who had a brother in the German Navy, became foreman of the welding department. The head of the drafting department in one of the plants making Liberty motors was a citizen of Germany and was reported for repeatedly making pro-German remarks. A conference of the management was held and, according to the minutes of this conference, reports were read "from various members of the drafting department who were in touch with the situation and who felt that the department was practically a pro-German institution." His removal was refused, and later a close personal friend of this man was found with photographs and drawings of the plant and was interned.

Instances were cited in the testimony where enemy aliens making American aircraft would cheer when news was received of German success in battle. In the Ford plant a man who had reviled and threatened the President was prosecuted and pleaded guilty to the charge. He was fined \$300 and sent back to work. Numerous witnesses testified that they had seen airplane parts tampered with in such a way as to cause accidents. A case was cited where an aviator went to one of the plants to fly a machine and was told that it was not necessary to look it over, as it already had been examined by 20 men. Notwithstanding these assurances, an inspection was made and it was found that the wings were wrong, the front struts were on behind, and the control was wrong, which fact alone would have resulted in the death of the aviator.

Numerous witnesses testified that changes in blue prints came in at such a rate that production was impossible. The files in one plant showed that over 2,000 changes had been ordered within a period of three months; in some cases as high as 22,000 castings would be ordered and work would proceed upon them when a change would come discarding them in favor of something else. (Senate hearings, Vol. I, p. 486.) It was testified that two of the concerns having contracts to make airplanes in this country for the Government were financed and controlled by Japanese bankers, and it was remarked by Judge Hughes that in some way these Japanese concerns got hold of a contract for nearly every type of plane that was being built by the American Government and were familiar with every detail of American aircraft plans.

UNWRITTEN HISTORY.

The Senate investigation was an inquiry into the cause of delay in aircraft production. The Hughes investigation was principally directed to the charges of personal dishonesty and official corruption. The investigation by the House committee was concerned with war expenditures. Regardless of the amount of testimony taken, none of these investigations purports to be exhaustive. During the Hughes investigation an order was published in the Bureau of Aircraft Production appointing an officer in that department as liaison officer between the bureau and the Department of Justice, making it impossible to volunteer information except through the regular military channels without liability to court-martial. A questionnaire sent to all persons who were in, or had been in, the military and civilian personnel would have afforded an opportunity for the development of further information.

While testimony relating to sabotage and espionage entered into the records of all of these hearings as collateral matter, not one of these investigations was directed primarily to such subjects, and there were many matters of serious import which were never investigated. Among these was the disappearance of the Liberty motor tests between the testing field and Washington. On one occasion, during the night, the desks of officers in the equipment division were broken into, yet there was no investigation, even by the Air Service. On another occasion a Negro employee was found leaving the Air Service Building in Washington with official papers in his possession. His house was searched and a truckload of maps, plans, orders, blue prints, and confidential papers from the Air Service and Ordnance Department was found in his home. He was tried in the courts in Washington, convicted, and given a prison sentence, but it was never divulged for whom or for what purpose he had collected these documents. Many of those who were employed in the Bureau of Aircraft Production will recall the frequent confusions which resulted from orders for suites of offices to be moved to some other part of the building, soon followed by orders to move again, not a few times but many times.

MORALE IN THE BUREAU OF AIRCRAFT PRODUCTION.

One of the important efforts in war is to destroy the morale of the enemy, and when the morale is gone the battle is lost. The demoralization in the Bureau of Aircraft Production finally reached that stage when there seemed to be in the atmosphere an unspoken order "to see no evil, hear no evil, and speak no evil," and investigations which would be started in the bureau would summarily end. Reports showing that important phases of work had fallen down would be pigeonholed and optimistic reports would be transmitted to higher authorities and to our allies.

One of the lessons of the war is that the spirit of the draft exemptions should have been more strictly followed and only the able-bodied with special technical qualifications placed in positions which could have been occupied by civilians beyond the draft age. Young men without business experience were placed in bureau chairs with the rank and power of martinets, and millions of dollars were squandered without responsible supervision. The young man is an optimist, a qualification for the firing line; he does not, however, see bridges ahead which must be crossed and which are apparent to the man of experience.

In Government management there is no complaint department where a man in the service or a private citizen can report an intolerable situation to some responsible official, removed from bureau influences, and demand that vital matters be brought to the attention of some one who has authority to apply a remedy. The one hundred and twenty-first article of the Articles of War, giving an enlisted man or an officer in certain cases the inviolable right of appeal direct to the commanding general, has been officially held not to apply to the Bureau of Aircraft Production. (House hearings, aviation, p. 2557.) The only remedy was through the regular military channels, where any man up the line has it in his power to block relief. Men who expressed anxiety lest our pro-

gram "to win the war in the air and drive German airmen from the sky" was falling down were liable to have their mentality questioned and to have uncomplimentary notations made in their military records.

A DEMORALIZING EPISODE.

During the summer of 1918 the draft age was raised and plans were on foot to create another army to be sent overseas. It was necessary to find men who could officer this army. On August 13, 1918, The Adjutant General of the Army sent the call to the Bureau of Aircraft Production inviting men in the grades of captain and lieutenants, many of whom had been commissioned from the training camps or had received military training, to make application for transfer to the Infantry.

This call for volunteers for the firing line was promulgated in Bulletin No. 30 of the bureau, dated August 15, 1918, and from the entire organization there were seven volunteers. Four of the seven were transferred to the Infantry and three of these were assigned to duty with segregated troops afflicted with a venereal disease, one of them being assigned to a company of Negro veneereals. Many of those who failed to respond were later promoted and some of them were recommended for the distinguished service medal. The comparison is made for the lesson which it teaches. While a soldier should gladly perform any service to which he is ordered, such treatment, in the circumstances, might have affected the morale of an entire organization. It should be understood that the call for volunteers had no reference to the Division of Military Aeronautics, which was considered a combatant arm of the service; it was directed to the personnel of the Bureau of Aircraft Production, which was charged with the duty of furnishing the equipment.

INJURY TO THE WHOLE PERSONNEL.

About this time Eugene Meyer, jr., Director of the War Finance Corporation, testified before Judge Hughes that he was requested by the Secretary of War to investigate and report on the aircraft situation, and that he reported to the Secretary that he did not think he had a man in the whole organization who could be called a man. (Abstract of aircraft investigation by Hon. Charles E. Hughes and the Attorney General, p. 292.)

There were many good, honest, faithful, efficient, and conscientious men in the Bureau of Aircraft Production, but this sweeping statement, made under oath by a man in a position of high responsibility, shows how tense was the feeling on the part of persons who were in a position to know the situation. The facts regarding the aircraft in this war will be a matter of interest to the historians of the world to the remotest generation, and this branch of our service passes into history under a cloud affecting the reputations of all men who were connected with it. The War Department, with its own conduct under criticism, and in view of the findings of a man fresh from the bench of the highest court of the Nation, should have demanded a trial through regular and orderly processes and demanded vindication of the innocent.

In Government affairs there are perfunctory post-mortems and a hurried burial rather than concern in the establishment of wholesome precedents. Honest mistakes of magnitude were inevitable and ought to be overlooked, but in this colossal failure, which invited military disaster to America and to the world, shall public officials be allowed to wash their hands and tell the people to forget it? The argument that it is of no use to worry about water that has passed over the wheel would be a fit propaganda for the protection of those who, in any war, take advantage of the confusion to pillage the country.

It is a notorious fact that investigations in Washington usually amount to nothing and that the facts which reach the people are camouflaged by men who place their party above their country and who prefer to thrash out vital matters on a political dunghill. France, England, Italy, and Germany had no failures in their aircraft programs, because it was known too well that the peoples of those countries would not have stood for it. The greatest battle lost in the war was a bloodless battle, lost by men charged with a duty of inestimable responsibility. They were far behind the battle lines, but it was not a bloodless affair for our aviators, dashed to death by defective machines, or for an untold number of American boys in France, who forfeited their lives because of the lack of airplanes. Why did we lose that battle? What was the matter? The official facts that have been assembled in the foregoing pages indicate the direction in which the answer may be sought, but the public, and especially ex-service men who know the truth, are asking, What has become of justice?

OPEN EXECUTIVE SESSIONS.

Mr. HARRISON. Mr. President, it was my intention to get up this morning a resolution touching open executive sessions, when we could have debated it until 2 o'clock. The circumstances, however, were such that we could not get it up this morning. May I now ask the Senator from Maine [Mr. HALE], who is in charge of the naval appropriation bill, to allow us to take up that resolution now and consider it? I do not think it will take much time for debate.

Mr. HALE. Mr. President, I think the Senator from Kansas [Mr. CURTIS] is interested in the resolution to which the Senator refers, and I should not like to make that arrangement without consulting with him. We are very anxious to get ahead with the naval bill, and I can not give way.

Mr. HARRISON. May I ask the Senator a question in that connection? Several Senators are interested in being heard when the matter comes up. Would not the Senator allow us to fix a time to-morrow, say at 3 o'clock, to then take up the resolution and consider it?

Mr. HALE. I am very certain that we can get through with the naval bill either this week or the first of next week, and I think the Senator can wait until the naval bill is out of the way.

Mr. HARRISON. The trouble about waiting until next week is this: I have not pressed the resolution, for the reason that there are certain Senators on the other side who want to be here, and it would have inconvenienced them to some extent, and I gave way for that reason. Of course, I am very anxious to have the resolution considered at the earliest possible mo-

ment for many reasons. As the Senator knows, as the newspapers carry it, there is now a contest on about one of the nominations pending before one of the committees. I understand that they are meeting this afternoon to consider that nomination. I do not know when they are going to report it, but rumors are thick and flying everywhere touching the matter. The object of the resolution I presented was to take care of just such cases as that, so that the nomination might be considered in the open. Of course, if we wait a few more weeks all these nominations will be in, and there is no telling what kind of nominees may be fastened on the people. I want to see these nominations considered in the open, and I had hoped we would get early and speedy action on the resolution.

Mr. BORAH. Mr. President, if the Senator in charge of the bill will consent to an adjournment this evening instead of a recess, we can take up the resolution to-morrow morning.

Mr. HARRISON. We could do that, or, if it would be better, if they will agree to let us take it up at 3 o'clock to-morrow afternoon, we could do that. May I ask the Senator from Washington whether that would be agreeable to him?

Mr. POINDEXTER. Mr. President, I very much regret that I would not be able to agree to that proposition. I very much hope that in a few days, at the outside, we can dispose of this bill. It is extremely important, if we are going to enact a naval appropriation bill, that we should do it at once. It has to go to conference, and it is impossible to tell how long it will be delayed there, and a great deal of time is consumed in proceedings of that kind. It is not very long until the beginning of the fiscal year. The trouble about agreeing with the Senator—which it would give me very great pleasure to do otherwise—is that it makes it more difficult to object to taking up other measures. It opens the door and makes it rather inconsistent for us then to object to the requests of other Senators, many of whom are interested in measures that they want to bring up.

It occurred to me that the best way for all concerned was to see if we could not, after a reasonable consideration of this bill and the presentation of any objections, get a vote on the bill and the amendments, and that will leave ample time for the Senator's measure and the other measures that are pending.

Mr. HARRISON. Then, I suppose we can not get any agreement on the suggestion.

Mr. POINDEXTER. Not at this time.

DUTY ON AGRICULTURAL IMPLEMENTS.

Mr. HARRISON. Mr. President, there is another matter I desire to discuss briefly. I shall not occupy the attention of the Senate more than a few minutes.

On yesterday there was passed, with much blowing of horns and blasts of trumpets, the so-called emergency tariff bill, pretended to help the farmers of the country in their present deplorable condition. That bill passed by the unanimous vote of the Republican Senators, except that of the Senator from New Hampshire [Mr. MOSES]. The bill, as we were told by its proponents, was to help the farmers. Of course, we attempted to show, and believe that we did, that it was gross hypocrisy. I offered an amendment yesterday which was very important. It did not receive the consideration it should have received, because of the agreement to vote at a certain time, and there was not much discussion, though I discussed it as fully as I could in the time that was allowed me. There was no defense made by the opponents of it. They offered no reason, indeed they could not, for their voting against it. With one exception, the amendment received the vote of every Democratic Senator present. We voted for it because we thought there was force and justice in the amendment, and that it would carry real and substantial benefit to the agricultural classes.

As the chairman of the Committee on Post Offices and Post Roads [Mr. TOWNSEND in the chair], who now presides, knows, as well as all Senators present know, one of the great hardships of the farming classes has been that the things they needed in order to produce their crops they have been in years past compelled to buy, in many instances had to pay a very high tax in the form of a protective tariff for them. Of course, that made these articles cost a very great deal more. For this reason, when the Democratic Party came into control of the legislative branch of the Government some eight years ago, we passed what was known as the farmers' free list bill, and it became the law when the Underwood-Simmons law was passed. In that farmers' free list we chose those implements and those articles and things which were necessary for the farmer to raise his crops and placed them duty free, so that they might enter our ports without bearing a tax, an additional burden on the farmers. That law has been of great benefit to the farmers. It has no doubt saved them millions of dollars.

So it was in order to retain that in the law and to see that the farmers continued to obtain free of tax the articles and implements which they needed in order to make their crops, and which they buy from foreign countries and import into America, so that they might obtain them at a reasonable figure, that I offered the amendment.

The object of the amendment was to protect the agricultural interests against the antidumping provision of the emergency tariff law, which, in all probability, when signed by the President will place a tariff so high that no one can estimate on sewing machines, barbed-wire fencing, fertilizers of all kinds, agricultural implements of every character, and those things brought into the United States that the farmer really needs, and which he can not get along without.

So I offered that amendment to protect the farmer from the provisions of the antidumping clause of the emergency tariff bill. I want to read it so there will be no doubt, when the question comes up in the future, as to who on yesterday were the real friends of the farmers; and I want the vote on this amendment incorporated in my remarks to reveal and to show in unmistakable language just who stood by them and who voted against them on this proposition. That amendment read:

Provided, That the provisions of Title II of the pending bill—

That was the antidumping provision, which will place these implements upon a tariff basis—

shall not apply to barbed-wire fencing, plows, disk harrows, harvesters, reapers, agricultural drills, mowers, horse-rakes, cultivators, thrashing machines, cotton gins, wagons, carts, sewing machines, fertilizers of every kind and elements from which fertilizers are manufactured, jute, binding twine, cotton bagging, and agricultural implements of every character which are now on the free list, and when imported into the United States from any foreign country.

So you can understand, from a most casual reading of that amendment, what was intended by it, and the substantial benefit that would naturally flow from it for farmers who have to buy the various articles which are enumerated in that provision when imported from foreign countries.

Mr. President, I ask that there be included, following my remarks, the record of the votes of those Senators who on yesterday voted for that amendment and those Senators who voted against the amendment.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From CONGRESSIONAL RECORD, Senate proceedings, May 11, 1921, p. 1307.]

Mr. HARRISON. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will read the amendment.

The ASSISTANT SECRETARY. On page 26, line 13, insert the following proviso:

Provided, That the provisions of Title II of the pending bill shall not apply to barbed-wire fencing, plows, disk harrows, harvesters, reapers, agricultural drills, mowers, horse-rakes, cultivators, thrashing machines, cotton gins, wagons, carts, sewing machines, fertilizers of every kind and elements from which fertilizers are manufactured, jute, binding twine, cotton bagging, and agricultural implements of every character which are now on the free list, and when imported into the United States from any foreign country.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment made as in Committee of the Whole.

Mr. HARRISON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before. I withhold my vote.

Mr. LODGE (when his name was called). Announcing again the transfer of my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the junior Senator from Vermont [Mr. PAGE], I vote "nay."

The roll call was concluded.

Mr. MYERS. The Senator from Arizona [Mr. ASHURST] has been compelled to leave the Senate on official business. If present, he would vote "yea."

The result was announced—yeas 32, nays 53, as follows:

YEAS—32.

Caraway	Heflin	Pomerene	Stanley
Culberson	Hitchcock	Ransdell	Swanson
Dial	Jones, N. Mex.	Reed	Trammell
Fletcher	King	Robinson	Walsh, Mass.
Gerry	McKellar	Sheppard	Walsh, Mont.
Glass	Myers	Shields	Watson, Ga.
Harris	Overman	Simmons	Williams
Harrison	Pittman	Smith	Wolcott

NAYS—53.

Ball	Frelinghuysen	McCumber	Smoot
Brandeggee	Gooding	McKinley	Spencer
Broussard	Hale	McLean	Stanfield
Bursum	Harrell	McNary	Sterling
Calder	Johnson	Moses	Sutherland
Cameron	Jones, Wash.	Nelson	Townsend
Capper	Kellogg	New	Wadsworth
Colt	Keyes	Newberry	Warren
Cummins	Knox	Nicholson	Watson, Ind.
Curtis	Ladd	Norbeck	Weller
Dillingham	La Follette	Norris	Willis
Elkins	Lenroot	Oddie	
Ernst	Lodge	Penrose	
Fernald	McCormick	Phipps	

NOT VOTING—11.

Ashurst
Borah
EdgeFrance
Kendrick
KenyonOwen
Page
PoindexterShortridge
Underwood

So Mr. HARRISON's amendment to the amendment made as in Committee of the Whole was rejected.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. Has the Senator a statement showing the amount of importations of those particular articles?

Mr. HARRISON. I was unable to obtain that information, because there was such haste displayed by Senators on the other side of the aisle in forcing the bill through.

Mr. BORAH. As the crime has now been committed, if the Senator can find time to get a statement of the importations, I would like to have it, because it will come up again.

Mr. HARRISON. If I can obtain that, I will place it in the Record for the Senator.

NAVAL APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4803) making appropriations for the naval service for the fiscal year ending June 30, 1922, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, on page 23, line 2, to insert in the item for navy yard, New York, "dredging, to continue, \$100,000; in all, \$140,000."

The amendment was agreed to.

The reading of the bill was continued.

The next amendment was, on page 23, line 14, to insert:

The expenditure of the appropriation of \$1,150,000 for the construction of a large dry dock, navy yard, Charleston, S. C., continued in the naval appropriation act for the fiscal year 1919, approved July 1, 1918, is hereby suspended until July 1, 1924.

Mr. SMITH. I ask that the amendment may go over for the present.

Mr. POINDEXTER. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment will be passed over temporarily.

The next amendment was, on page 23, after line 18, to insert:

Naval station, Key West, Fla.: For the development of a submarine base, to complete, \$800,000, to be immediately available.

Mr. KING. Mr. President, may I inquire of the Senator having the bill in charge, with respect to the item just read, whether the investigations did not disclose some very serious objections to the continuation of the work at that place? There were reefs and other physical conditions, as I recall, which seemed to make it unwise to further continue work at this point.

Mr. POINDEXTER. Admiral Parks, Chief of the Bureau of Yards and Docks, did state that there were some physical difficulties to contend with in getting a proper foundation for a sea wall there, but those have been overcome; and a very slight amount over the original authorization, the testimony shows, will be sufficient to complete the work. Nine hundred and ninety-five thousand dollars has already been expended, and unless the work is continued to completion that will be a complete loss.

Mr. KING. May I inquire of the Senator in charge of the bill whether there was any evidence at the hearings that the difficulties to which I referred and which the Senator has in his mind were overcome?

Mr. POINDEXTER. Yes; there was conclusive testimony that they were overcome and that the work can be completed for the amount authorized.

Mr. KING. May I inquire of the Senator whether, in view of all the conditions and the necessity for submarine bases, which I concede, there is any reason for building one here?

Mr. POINDEXTER. Mr. President, that was the consideration which moved the committee, notwithstanding the physical difficulties referred to, to decide to recommend the continuation of this work; that is, that this point was decided by the committee, upon hearing the advice of the military officers, to be of very great strategic importance, in view of its position with reference to the West Indies, the Panama Canal, the southern coast of the United States, and the Gulf coast. This situation was viewed by the strategists and the experts who advised the committee, and the committee was convinced by them that it is of the utmost importance to have a submarine base at this point, in view of what the Senator himself has urged—the importance of the development of submarines in modern naval warfare.

Mr. HALE. I think the evidence at the hearings showed that if we gave up the project as it is now we would have a net loss of over \$1,250,000.

Mr. KING. That might be a gain.

Mr. FLETCHER. Mr. President, I would like to direct the attention of the Senator from Utah to the fact that the Navy Yard Commission in 1916 recommended the establishment of a submarine base on the Gulf. That was, of course, long prior to the necessities growing out of the war. In 1916 that recommendation was made by the Navy Yard Commission; this location at Key West was determined upon; and, as the Senator from Maine has said, the evidence shows that by expending this amount of money the entire project can be completed, and if they do not spend this amount of money the Government will lose quite a large amount in having the work that has already been done go to pieces.

Mr. BORAH. Will this amount of money complete the project?

Mr. FLETCHER. It will complete the modified project which they propose.

Mr. BORAH. The Senator has no idea that this amount of money will complete it as it will be asked to be completed?

Mr. FLETCHER. I understand that it will. I have a letter here from Admiral Coontz, in which it is stated that—

It is recommended:

(a) That the breakwater pier be completed.

(b) That current contracts be completed.

(Neither of these will involve any cost to the Government, outside the \$800,000, and they will serve to protect the investment already made.)

(c) In addition, the marine railway should be installed.

The work they propose to go on with and complete comes within this appropriation.

Mr. BORAH. I understand that this appropriation of \$800,000 will complete a certain portion; that is to say, there will be another step taken, and up to that step taken there will be what they call a complete work.

Of course, I have only second-hand information, but I am informed that both these expenditures, the amount we have already expended and this \$800,000, are only a small portion of what will ultimately have to be put in there to make it really available.

Mr. FLETCHER. I think they have found that some portion of what was originally contemplated can be dispensed with; that they are going to complete only what is absolutely necessary, and that this will cover it. Some part of the original scheme has been eliminated, in other words, and if the present contract is carried out the work will be completed so as to make the base a complete establishment, such as they desire, without doing some of the other things they might have felt called upon to do in case they needed something larger. This appropriation will carry out the work as planned.

Mr. BORAH. I ask that this item may go over until I can see if I can get the information which has been given to me orally in such shape that I can present it.

The PRESIDING OFFICER. Is there any objection to the request of the Senator from Idaho?

Mr. FLETCHER. I would rather not have it go over, but of course that is a matter with the Senator having the bill in charge.

Mr. POINDEXTER. What is the request?

Mr. BORAH. That the amendment go over temporarily.

Mr. POINDEXTER. I have no objection.

Mr. FLETCHER. I ask that the letter from Admiral Coontz be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

NAVY DEPARTMENT,
OFFICE OF NAVAL OPERATIONS,
Washington, February 9, 1921.

HON. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

MY DEAR SENATOR FLETCHER: Referring to your letter of February 7, 1921, regarding the question of the submarine base at Key West, Fla., and particularly to page 61 of the hearing before the subcommittee of House Committee on Appropriations, of which the Hon. PATRICK H. KELLEY is chairman, said subcommittee having in charge the naval appropriation bill for 1922, I desire to furnish you the following information relative thereto:

1. The Navy Yard Commission in its report, dated December 30, 1916, stated its opinion that it was at that time "advisable to locate and develop permanent submarine training bases to the extent of * * * one on the Gulf of Mexico."

2. During the recent war, with the necessity of operating submarines and other small craft from Key West for the protection of the entrances to the Gulf of Mexico, the necessity for a submarine operating base at Key West became evident. In April, 1918, the plan for this development at Key West was completed. The plan was approved by the commandant, Key West, and by the commander of the submarine force and then received the approval of the Secretary of the Navy.

3. An item providing for this base appears in the naval appropriation act for the fiscal year 1919, which made available for this purpose

\$1,000,000 and which authorized the Secretary of the Navy to enter into contracts or otherwise incur obligations for this purpose not to exceed \$1,500,000 in addition to the specific appropriation made.

4. Under this authority various contracts have been entered into and the present state of progress of the preparation of the submarine base at Key West is as follows:

(a) Living quarters for enlisted men, bachelor officers, mess arrangements, storehouse facilities, and recreation facilities have been provided for a division of 10 submarines.

(b) Machine-shop facilities and power supplies are available to a limited extent in the naval station proper.

(c) Proper berthing facilities are lacking. To provide berthing facilities, the piling of the wharves and the breakwater pier are practically complete. The planking of the piers is not done.

(d) The dredging of the basin is in progress but incomplete.

(e) The protection of the breakwater by a marl covering has not been undertaken.

5. Available funds will be exhausted prior to the 1st of July. To complete the entire project as designed and to provide a marine railway, which is a necessary part of any complete submarine base, will require approximately \$1,000,000 in addition to what has already been spent. If no further work is done, what work has been done will be made of no value by the washing away of the breakwater, which can not be expected to endure for any considerable time without the protective covering. Storehouses at the submarine base are of a temporary character, but are of practically the same construction as houses in the locality and can, therefore, be expected to endure for a number of years.

6. The submarine base at Key West is required by the plans for national defense and is likely to be used not only to protect the waters of the Gulf of Mexico but also in the event of the West Indies becoming an active zone of warfare, or for tactical purposes in the event of a war in the Pacific wherein the facilities of the Atlantic coast are utilized.

7. If current contracts are canceled, the Government is liable for considerable damage, so that little or no additional expenditure is required to complete the development of Key West for the limited purpose of a submarine base.

8. It is recommended:

(a) That the breakwater pier be completed.

(b) That current contracts be completed.

(Neither of these will involve any cost to the Government outside the \$800,000, and they will serve to protect the investment already made.)

(c) In addition, the marine railway should be installed.

Very respectfully,

R. E. COONTZ,

Admiral, United States Navy.

The PRESIDING OFFICER. If there is no objection to the request of the Senator from Idaho, the amendment will be passed over temporarily.

Mr. KING. Mr. President, a perusal of the bill, as well as information which I have obtained, leads me to the conclusion that we have entirely too many yards and naval bases and points for the construction of vessels, and so on. We are pursuing the same wasteful and indefensible policy with respect to the Navy that has been pursued in the past with respect to the Army.

Mr. BORAH. And rivers and harbors.

Mr. KING. Yes; and with respect to rivers and harbors. It has been charged that owing to political pressure, logrolling, and other methods, perhaps, forts and military posts were established in various parts of the United States though they were wholly unnecessary. This course entailed millions and tens of millions of dollars of expense.

I hope that the present Secretary of War will abandon all unnecessary military posts and camps, which have been maintained by the War Department at such great cost. Admiral Sims has testified, as I recall, that we have too many navy yards, too many places at which work is done for the Navy. We are proposing by this bill to increase the number of naval bases.

What the Senator from Washington said respecting my attitude is correct, namely, that I am in favor of developing the submarine. I think it absurd to project any naval program that does not take into account the formidable character of the submarine, not only for offensive warfare but for defensive warfare. There has been a vast amount of talk about the possibility of Japan sending her fleet to the western shores of the United States and England sending her naval fleet to the eastern shores of the United States. Admiral Sims has testified, and everyone who has given the matter any thought knows that an invasion of the United States by a fleet, no matter how powerful, is a fantastic dream. The construction of submarines, the development of airplanes, and the employment of mines make the invasion of a country practically impossible. As a great naval expert has said, "The submarine has brought the little nation into its own." Great Britain, with her mighty fleet, more powerful than that which Germany possessed, did not dare to approach the Belgian or the German coasts. A few submarines put her fleet to flight. A few airplanes compelled them to hide in harbors. It is important that we improve our submarine plans of naval defense and develop the submarine as an indispensable part of a proper naval program. If we would spend more for submarines and less for battleships, in my opinion it would be a wiser policy.

When we come to appropriations for submarines, I shall have something further to say on the subject. The fact is that now, notwithstanding the tremendous expenditures which we have made for naval purposes, we do not have an adequate number of suitable submarines. If we are to continue this saturnalia of war expenditures, if we are to continue this naval rivalry with other nations, then we must make further appropriations for submarines. We will need more coastal submarines as well as those which have a greater sea radius.

But we are building, I repeat, too many bases. We are spending too much money to maintain navy yards. We are diffusing instead of concentrating. We have navy yards along the coast, a half dozen or more. As I recollect the testimony of Admiral Sims, two would be sufficient. Some time ago there was an investigation ordered with respect to the necessity of maintaining a major naval base in the Caribbean Sea. I submit that it is unwise for us to expend any considerable amount for naval bases on the southern or southeastern coast of the United States until we know what our policy is going to be with respect to a major naval base in the Caribbean Sea. We have not the report yet. I do not know when we will get it, but in the meantime we are spending millions of dollars for naval bases, submarine bases, and other constructive works, perhaps many of which are entirely unnecessary.

All of this reveals the fact that we are in a condition of flux. We are opportunists. We are drifting in our naval policy as we appear to be drifting in our policy relating to foreign affairs. This is a period of vacillation and drifting. We are drifting with the tide, with the international tide and upon domestic currents many of which are cross currents and will lead to collisions and serious troubles. I hope that the administration will develop a safe and wise foreign policy and that the Federal officials who have charge of national domestic affairs will adopt a proper policy with reference thereto. I mean no disrespect when I say that in my opinion our naval program is a serious mistake. If it were not so tragic I would say it was a joke. We are called upon to support a policy which will be discredited and which will be provocative of international resentments. We should revise our program, change our policy, seek world cooperation for the reduction of armament, and in the interest of world peace. We should talk international amity, not war. We should meet the nations of the south in friendly conference, and join in the formulation of a world program which would promote national prosperity and international peace and amity.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, in the items for navy yard, Puget Sound, Wash., on page 24, line 8, after the numerals "\$95,000" to insert "pier 4, 700-foot extension, \$500,000; rifle range for small arms, including purchase of land, \$90,000"; and, in line 10, to change the total from "\$1,405,000" to "\$1,995,000."

The amendment was agreed to.

The next amendment was, on page 25, after line 6, to insert:

Naval hospital, San Diego, Calif.: The Secretary of the Navy is hereby authorized and directed to continue and to enlarge the construction of the naval hospital being erected at San Diego, Calif., on land donated to the United States and accepted by the Secretary of the Navy under the authority conveyed in the naval act of July 11, 1919, at a total cost not to exceed \$1,975,000, and \$1,000,000 is hereby appropriated to continue its construction.

Mr. KING. May I inquire of the Senator in charge of the bill if this is deemed to be a necessity? What reason is assigned by the House for failing to legislate for it?

Mr. POINDEXTER. I have not had an opportunity to confer with the House members in regard to the reason for their action in not putting this item in the bill. It may have been because it was not called to their attention. I am not sure whether it was or not, but the showing made before the Senate committee as to the conditions at San Diego, where a very great number of Navy and Marine personnel are assembled, makes the provision a practical necessity. The land has been donated to the Government. In addition to that, the citizens of San Diego have furnished buildings which the Government has used without charge for taking care of sick sailors, but the city is compelled to withdraw that permit in order to carry out the plans of civic development there, and so it becomes necessary that the Government shall provide its own hospital facilities.

Mr. KING. May I inquire of the Senator if during the war the Navy was not compelled to construct a large number of hospitals because of the large personnel in the Navy? It would seem to me that in view of the diminution in that number, the

Navy personnel being reduced from more than 500,000 to 127,000 now, there ought to be some hospitals available.

Mr. POINDEXTER. There are; but nearly all the buildings that were put up during the war were of a very flimsy character, and it costs more to maintain them, with very inadequate accommodations, after the expenditure of that cost than it would to provide permanent and proper hospital buildings.

Mr. KING. My information was that a portion of them were of the character described by the Senator—flimsy—but my information is that some of the hospitals are serviceable. Some buildings were purchased, as I recall, which had been used for hotels and others for hospital purposes. If the Government still owns them they should be used for naval hospitals.

Mr. POINDEXTER. I wish to read a paragraph from the letter of the Surgeon General with regard to the general situation. He states that—

In comparison with the east coast, where there are 15 naval hospitals, with much greater bed capacity, it will be seen that adequate provision has not yet been made on the west coast for the care of the sick of the now divided fleet and increased naval importance of that section. Mare Island hospital, with 1,090 beds, has had 1,078 patients. San Diego hospital, occupying exposition and temporary wooden buildings on the exposition grounds, has been caring for from 300 to 500 patients, with the excess in tents.

This situation is due in part, I will say briefly, to the recent movement of a large portion of the fleet to the Pacific coast, which ought to be increased, and I hope and expect it will be, in view of the general situation and development of the fleet. The hospital facilities on the west coast are in a similar position to the shore stations, and other necessary auxiliary stations of the fleet. They have not been kept up as they should have been on the west coast, because attention has been concentrated on the Atlantic coast, particularly during the war.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 25, to insert after line 14:

Submarine base, New London, Conn.: Toward the completion of a submarine base at New London, Conn., \$50,000.

Mr. BORAH. Mr. President, I desire to have the amendment just read passed over, and also the amendment in lines 23, 24, and 25, page 25, providing for a submarine and destroyer base at Guam, and the amendments on pages 26 and 27, having to do with a naval air station at Sand Point, Wash., a naval submarine base at San Pedro, Calif., and a naval supply base at Alameda, Calif. I desire to present the question that this is general legislation on an appropriation bill and not admissible upon the pending bill. I can present it now if it is desired.

Mr. POINDEXTER. I would be very glad if the Senator would do so.

Mr. BORAH. It will not take very long. I desire to direct particular attention to the amendment beginning with line 10 on page 26.

The PRESIDING OFFICER. What is the Chair to understand? Does the Senator make a point of order?

Mr. BORAH. I am going to make a point of order, but I desire to discuss it a moment before I do that. The amendment to which I refer reads as follows:

Naval supply base, Alameda, Calif.: Toward dredging, excavating, and grading, \$1,500,000.

The Secretary of the Navy is authorized to accept from the city of Alameda, Calif., free from encumbrances and without cost to the United States Government in excess of \$1, a certain tract of land on San Francisco Bay, containing 5,340 acres, more or less, for use as a site for a naval base, being the land described in a certain deed made the 5th day of February, 1920, by and between the city of Alameda and the United States of America. Also to accept free from encumbrances and without cost to the United States Government, in excess of \$1, certain other land adjoining said tract, being the land lying between the south-westerly boundary line of said tract and the pierhead line in front thereof.

That is that particular amendment. Then there is another provision on page 27, or, rather, three provisions of a similar nature. I make the point of order that all this is general legislation, and I wish to call the attention of the Chair to a ruling found in Precedents and Decisions, page 67, as follows:

Mr. Gallinger proposed an amendment as follows:

After line 15, on page 26, insert:

"Navy yard, Portsmouth, N. H.: New dry dock at the Portsmouth Navy Yard, of sufficient size to accommodate the largest battleship and to be at least 1,000 feet in length, designs and specifications to be determined by the Secretary of the Navy, to cost \$2,500,000, \$200,000."

Mr. THORNTON. I make the point of order on this amendment that it is general legislation.

The VICE PRESIDENT (Mr. Marshall). The point of order is sustained.

I make the point of order in the interest of time, which I understand the Senator in charge of the bill is anxious to conserve.

Mr. POINDEXTER. I should like to call the attention of the Chair to the fact that the usual and ordinary practice of the Senate, in fact, the invariable practice of the Senate, is to

consider provisions of this kind as a part of the maintenance and development of the Naval Establishment. It does not change existing law and is not general legislation.

Mr. KING. Mr. President, if I may be permitted to submit an observation—

Mr. BORAH. Will the Senator yield to me for just a moment?

Mr. KING. Very well.

Mr. BORAH. It must necessarily be general legislation, because what is proposed to be done can not be done without this legislation. It applies to the entire project—to the building of a new naval base and the acquisition of land.

Mr. KING. Mr. President, it would appear that if the position of my friend from Washington [Mr. POINDEXTER] were the correct one there would be no limitation upon the committee or the Senate and they could embark upon any scheme or project, regardless of its cost, if there was any sort of indirect connection between it and some accepted naval policy. If legislation is enacted providing for the Government to expend \$10,000,000 for the development of a naval base at Bremerton, Wash., the State from which the Senator comes, we denominate it general legislation. Obviously it would be general legislation in another bill to provide for an appropriation of \$1,000,000 to build some other naval base at some other point, though such project would lead to the abandonment of the Bremerton base.

This in effect is a new enterprise; it is not the completion of a project heretofore authorized. It is a new development, as much so as would be the authorization of the building of a battleship. Certainly no one would contend that it would not be along the line of general legislation or within the spirit of general legislation to authorize the construction of submarines when heretofore there was no law authorizing their construction. The authorization of one depot or one supply base may not be the basis for other legislation for another supply base. It would be general legislation; it would be changing existing law upon the particular appropriation bill. We might just as well say, Mr. President, there shall be no rule at all if under an appropriation bill, which is special in the sense that it relates to a certain subject, we may deal with any subject regardless of the fact of anterior legislation.

Mr. SWANSON. Mr. President, if the contention of the Senator from Utah is correct, no appropriation bill could ever contain a new item of any kind or character unless there was a previous law authorizing it. If we were to place in this bill a general provision governing the building of submarines or governing the creation of new bases, and so forth, it would be subject to a point of order.

Mr. BORAH. Mr. President—

Mr. SWANSON. If the Senator will permit me, the language of the rule provides that no new item to an appropriation bill shall be received except under certain conditions. What are they? First, the item must be estimated for; second, it must be reported by a standing committee of the Senate. Any new item not containing general legislation, either repealing general legislation or enacting new general legislation, but simply providing for a new item of appropriation on a general appropriation bill, is in order.

If the amendment had been offered by a Senator on the floor, or if it had not been estimated for or had not been reported by a standing committee, such as the Committee on Naval Affairs, it would be subject to a point of order.

Mr. BORAH. We are not making the point of order that the amendment has not been estimated for, and the Senator from Virginia is too good a parliamentarian to confuse the two propositions. We are making the point of order that it is general legislation.

Mr. SWANSON. In what respect?

Mr. BORAH. Even if the item has been estimated for, that does not obviate the other objection, that it is general legislation.

Mr. SWANSON. It is simply a new item of appropriation for a naval base.

Mr. BORAH. But, Mr. President, that is not all it is.

Mr. SWANSON. How is it general legislation?

Mr. BORAH. It authorizes the purchase and acquisition of land.

Mr. SWANSON. It is an item of appropriation for a specific purpose; it is not general legislation for the acquisition of land generally for any purpose. It is a new item of appropriation similar to many new items of appropriation which have been held in order. The rule provides that no new item of appropriation shall be in order unless it is estimated for. If such an item has been estimated for, as this has been estimated for, that makes it in order. It is also reported by a standing committee of the Senate, which further makes it in

order. I should like to be informed where there is any general legislation in the item, though it is a new item. Such a provision has been decided repeatedly to be in order.

Mr. BORAH. It has been decided the other way.

Mr. SWANSON. It never has been. The Senator may find half a dozen instances where new items have been presented which were estimated for or been reported by a standing committee of the Senate which have been declared to be in order. That must inevitably be so, or else an appropriation bill could not do anything but provide for carrying out something which had been previously authorized. Otherwise we could not even provide for a new clerk.

The item is new legislation; of course, everything is new legislation; but it is not general legislation. It establishes no general policy. It simply makes an appropriation for a new item which is designed to create a new naval base. Such a rule as that contended for by the Senator from Idaho would preclude the Naval Committee from doing anything unless it had been authorized a year ahead.

Mr. BORAH. Mr. President, the Senator has stated that there are some precedents in favor of this kind of legislation. If they can be shown, perhaps, I could be convinced; but the citation to which I have called attention is directly contrary to the contention of the Senator; and the decision in that case was made by the Vice President who left the chair only a few weeks ago. The Presiding Officer will observe the language in which the amendment offered by the Senator from New Hampshire at that time was couched:

Navy yard, Portsmouth, N. H.: New dry dock at the Portsmouth Navy Yard, of sufficient size to accommodate the largest battleship * * * \$200,000.

That meets precisely the definition which was given by the Senator from Virginia. I have not been able to find any precedent to the contrary. The Senator from Wisconsin, who was unable to be here this afternoon, had investigated the matter and called my attention to it. He is a parliamentarian and I am not. I am merely reciting the precedents as I find them; and the one I have cited meets every test which the Senator from Virginia has applied to the question.

Mr. SWANSON. I remember the occasion when the item in connection with the drydock at the Portsmouth Navy Yard was offered. That item had never been estimated for; it never had been reported by a standing committee of the Senate; and consequently it was subject to a point of order.

Mr. BORAH. I beg the Senator's pardon; there is no such suggestion as that in the record.

Mr. SWANSON. The matter the Senator has read does not so state; but I guarantee that if the Senator will look at the proceedings at the time the amendment was offered he will find the facts to be as I have stated. It could not be added as a new item to the appropriation bill. Why? Because it had not been estimated for and had not been reported by a standing committee of the Senate. The rule is plain. I will read it to the Senator. Items similar to the one now proposed have been added a hundred times to naval appropriation bills, and I do not recall ever having seen one fail.

Mr. BORAH. Yes; we have had "pork-barrel" measures here from time immemorial.

Mr. SWANSON. And the Senator, when western matters were involved, has engaged in such legislation as much as have other Senators.

Mr. BORAH. No; I have not, as the record will show; but I am willing to agree with the Senator from Virginia to stop it.

Mr. SWANSON. Very well, I am for stopping all "pork-barrel" measures, and always have been.

Mr. KING. Let us start with this one.

Mr. SWANSON. The defense of the country is not a "pork-barrel" matter.

Mr. BORAH. No; but the item under consideration is not for the defense of the country; it is a real estate deal.

Mr. SWANSON. That may be so; that is a subject of discussion.

Mr. BORAH. It is not a question of "might be"; but it is.

Mr. SWANSON. The judgment of the Senate can be passed on it, the Senator may give his reasons in opposition, but he is no more high-minded than are other Senators.

Mr. BORAH. I do not like to have the Senator refer to a real estate deal as a matter involving the defense of the country.

Mr. SWANSON. The rule provides:

And no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during

that session, or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate of the head of some one of the departments.

Mr. POINDEXTER. Mr. President, if the Chair will permit me, in view of the fact that the Senator from Idaho has cited a precedent upon this question, which I have not had an opportunity to examine—and I am very much surprised at the point of order being raised to this item, because it is similar to perhaps half of the appropriations that are carried in the ordinary Army and naval bills—I desire to say that in a hasty examination I find the following precedent, which seems to me to be directly to the contrary of the point made by the Senator from Idaho. I read from page 76 of Gilfrey's Precedents:

[Fifty-third Congress, third session, Journal, p. 103.]

1. NOT GENERAL LEGISLATION.

FEBRUARY 9, 1895.

The question being on the following amendment to the Diplomatic and Consular appropriation bill reported by the Committee on Appropriations, viz, on page 9, after line 8, insert the following:

"Construction of telegraph cable between the United States and the Hawaiian Islands: The President is hereby authorized to contract for the entire work of laying a telegraphic cable between the United States and the Hawaiian Islands and to direct the prosecution of such work whenever such a contract shall be made, and as a part of the cost of such cable the sum of \$500,000 is hereby appropriated, said cable to be owned and operated by the United States Government."

After debate,

Mr. Blackburn, on behalf of Mr. Mills, raised a question of order, viz: First, that the amendment added a new item of appropriation not needed to carry out any existing law or treaty stipulation—

It seems to me that is exactly the question raised by the Senator from Idaho—

and not in accord with any act or resolution passed by the Senate at this session, and not moved by direction of a standing or select committee—

That additional point was raised—

Nor proposed in pursuance of an estimate of the head of a department; second, that the amendment proposed general legislation to a general appropriation bill and was not germane or relevant to the subject matter contained in the bill, and hence was not in order under the first and third clauses of Rule XVI.

The Vice President (Mr. Stevenson) submitted the question to the Senate, Is the amendment in order? and it was determined in the affirmative; yeas 36, nays 25. (See CONGRESSIONAL RECORD, pp. 1978-1986.)

Mr. BORAH. Mr. President, I call attention to the ruling upon which I based the point of order. Perhaps it has been called to the Chair's attention; but, for fear it has not, I will call the Chair's attention to it, on page 67 of the Precedents.

The VICE PRESIDENT. Will the Senator give the date of that?

Mr. BORAH. June 2, 1914, at page 67 of "Decisions on Points of Order, Volume II":

Mr. Gallinger proposed an amendment as follows:

After line 15, on page 26, insert:

"Navy yard, Portsmouth, N. H.: New dry dock at the Portsmouth Navy Yard, of sufficient size to accommodate the largest battleship, and to be at least 1,000 feet in length, designs and specifications to be determined by the Secretary of the Navy, to cost (\$2,500,000) \$200,000."

Mr. THORNTON. I make the point of order on this amendment that it is general legislation.

The VICE PRESIDENT (Mr. Marshall). The point of order is sustained.

Mr. POINDEXTER. Mr. President, if I may be permitted to call attention to the difference between the situation there and the situation here, of course I do not know what reasons may have actuated the Chair in making that ruling, but it may have been based upon various grounds—among others, that the item had not been estimated for, that it was not reported by a committee, or that it increased the appropriation. The situation here is entirely different in both of those respects, inasmuch as it has been estimated for, recommended by the department, and reported by the committee.

Mr. BORAH. Mr. President, I looked up the CONGRESSIONAL RECORD, and the volume of precedents states all that is stated there. No question was raised as to the item not having been estimated for or reported by a standing committee. The volume of precedents states the matter just as it occurred.

Mr. SWANSON. Mr. President, this is a specific item—a specific appropriation. It is not general legislation. It is not a general appropriation. It is a specific item for a specific purpose, coming under Rule XVI, which says:

No amendment shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session; or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate of the head of some one of the departments.

Now, that provides what? That a new item of appropriation like this, which is a new item for a specific purpose and a

specific appropriation, is in order provided it is estimated for—and this is estimated for—and provided it is reported by a standing committee of the Senate—and this is reported by a standing committee of the Senate.

As to the case to which the Senator has referred, I do not remember that specific occasion, but I remember that Senator Thornton at one time had charge of the naval bill here, and for years Senator Gallinger was trying to get a dry dock at Portsmouth. It was never estimated for, and was never reported by a standing committee of the Senate. Every year he would offer an amendment to include that in the naval appropriation bill, and a point of order was made against it, and I think it was uniformly ruled against.

Mr. BORAH. Of course, I do not know what happened outside. I only know what happened as reported by the RECORD. I presume that the RECORD states the fact.

The VICE PRESIDENT. The Chair is ready to rule. The point of order is not well taken. The amendment is moved by direction of a standing committee of the Senate, which makes it in order.

Mr. BORAH. Mr. President, I ask that the amendments which I spoke of a few moments ago—the clerks at the desk have them—including the amendments on pages 26 and 27, may go over, as they will require some general discussion.

The VICE PRESIDENT. Without objection, the amendments on page 25, lines 15 to 17 and lines 23 to 25, and on page 26, lines 4 to 24, both inclusive, will be passed over.

Mr. KING. Mr. President, may I inquire of the Senator from Washington what disposition was made of the items on page 23 relative to the navy yard, Charleston, S. C.?

Mr. BORAH. They were passed over.

Mr. POINDEXTER. Yes; they were passed over.

Mr. KING. May I ask the Senator whether or not the Senator from Delaware [Mr. BALL] has been advised as to that?

Mr. POINDEXTER. The items were passed over. I do not know whether he was advised or not. He will have an opportunity to make any presentation he desires.

The VICE PRESIDENT. Does the Senator from Idaho desire to include the amendments on page 27 as being passed over?

Mr. BORAH. I ask to have the amendments on pages 26 and 27 passed over.

The VICE PRESIDENT. If there is no objection, they will be considered as passed over.

Mr. POINDEXTER. Does that include all the amendments on page 27?

Mr. BORAH. Yes; they all present the same question.

Mr. POINDEXTER. Very well.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, on page 26, line 1, in the appropriation for training station, San Diego, Calif., to strike out the word "complete" and to insert the word "continue," so as to read:

Training station, San Diego, Calif.: To continue the development of a permanent training station, San Diego, Calif., \$1,000,000.

The amendment was agreed to.

The next amendment was, on page 27, line 19, to increase the total appropriation for public works from "\$5,632,000" to "\$12,971,000."

Mr. BORAH. Of course, that should go over in connection with the rest of them.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, on page 30, line 22, to strike out "\$72,421,647" and insert "\$87,798,447," so as to read:

Pay of the Navy: Pay and allowances prescribed by law of officers on sea duty and other duty, and officers on waiting orders, \$37,023,859; officers on the retired list, \$3,113,771; commutation of quarters for officers, including boatswains, gunners, carpenters, sailmakers, machinists, pharmacists, pay clerks, and mates, naval constructors, and assistant naval constructors, \$4,254,192, and also members of Nurse Corps (female), \$1,000; for hire of quarters for officers serving with troops where there are no public quarters belonging to the Government, and where there are not sufficient quarters possessed by the United States to accommodate them or commutation of quarters not to exceed the amount which an officer would receive were he not serving with troops, and hire of quarters for officers and enlisted men on sea duty at such times as they may be deprived of their quarters on board ship due to repairs or other conditions which may render them uninhabitable, \$25,000; pay of enlisted men on the retired list, \$620,250; extra pay to men reenlisting under honorable discharge, \$4,390,800; interest on deposit by men, \$10,000; pay of petty officers,

seamen, landsmen, and apprentice seamen, including men in the engineer's force and men detailed for duty with the Fish Commission, enlisted men, men in trade schools, and pay of enlisted men of the Hospital Corps, \$87,798,447.

Mr. BORAH. Those items on pages 30 and 31, as I understand, are the items which provide for an increase in the expense of the personnel of the Navy. I will ask the chairman if I am correct.

Mr. POINDEXTER. That is under the head of "Pay of the Navy," and does depend almost entirely upon the number of men in the Navy.

Mr. BORAH. Yes. I desire to submit some remarks upon those items, and I should like to have those go over.

The VICE PRESIDENT. Without objection, the amendments will be passed over.

Mr. KING. Mr. President, may I inquire of the Senator whether, under that item of \$87,000,000, any provision is made for the marines?

Mr. POINDEXTER. No; that is in a separate part of the bill.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, on page 31, line 24, after the words in parentheses, to strike out "at 50 cents per diem"; in line 25, after the word "midshipmen," to strike out "at \$1.08 per diem"; and on page 32, line 1, after the word "credited," to strike out "at the rate of 60 cents per ration," so as to read:

Provisions, Navy: For provisions and commuted rations for the seamen and marines, which commuted rations may be paid to caterers of messes in case of death or desertion upon orders of the commanding officers, commuted rations for officers on sea duty (other than commissioned officers of the line, Medical and Supply Corps, chaplains, chief boatswains, chief gunners, chief carpenters, chief machinists, chief pay clerks, and chief sailmakers) and midshipmen, and commuted rations stopped on account of sick in hospital and credited to the naval hospital fund.

Mr. KING. Mr. President, I should like to make an inquiry of the Senator. I recall that in the committee the question of the commutation of rations was under discussion, and it was developed that the amount required to feed the Navy per man was a great deal more than the amount required to feed the Army per man. The question arose as to whether it should be 75 cents or 60 cents a ration. Does this relate to the same item or the same matter?

Mr. POINDEXTER. It is not the same item, but it is similar to it in principle in that it involves rations for men. This is commutation of rations, and what the Senator referred to was the actual ration that is consumed by the sailors and by the soldiers of the Army. What was it that the Senator desired to inquire?

Mr. KING. If it was determined that 75 cents or 60 cents should be the ration, what is the reason for striking this out without making some other provision?

Mr. POINDEXTER. It is provided for in another part of the bill—in the legislative provision, in the back part of the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 32, line 20, to increase the appropriation for "Provisions, Navy," from "\$20,609,672.50" to "\$29,392,767."

Mr. KING. Mr. President, I inquire of the Senator whether or not the amount to be appropriated for the provisions of the Navy does not depend upon the strength of the personnel; and, if the personnel shall not be increased but, upon the contrary, shall be diminished, why should we increase the provisions of the Navy from \$20,000,000 plus to \$29,000,000 plus?

Mr. POINDEXTER. Mr. President, there are two reasons making this increase necessary in the bill as reported by the Senate committee. One of them is the one mentioned by the Senator from Utah—that is, that the Senate committee made its figures for the supply of the Navy upon the basis of 120,000 men, whereas the bill as it came from the House provided for 20,000 men less. There is, however, another reason, and that is the difference of opinion about the cost of feeding the same number of men. The House based its appropriations upon the calculation of a cost of 50 cents for a man's ration. The showing before both the House and the Senate committees was that at the present time the actual cost of a sailor's ration in the fleet, which has just returned after a four months' cruise, was over 70 cents. The cost last year for the whole Navy was 68 cents.

Mr. KING. Mr. President, may I interrupt the Senator?

Mr. POINDEXTER. Just one moment; let me complete the statement. The Paymaster General of the Navy was requested, after a very close cross-examination by Senators, many of whom inquired with the utmost pertinacity into this proposition, to furnish to the committee the actual cost of the provisions bought by the Navy; and he supplied the committee with the actual prices paid by the Navy wholesale in New York City, where they buy most of their supplies, for the ingredients which go to constitute a ration; and the cost of the ration, based upon those figures, was 63 cents. Of course, the actual ration would cost more than that, because they can not buy all the supplies of the Navy to the same advantage they can secure in buying wholesale in New York City.

The Senator referred to the cost of the ration in the Army. That was estimated for the month of last March at 42 cents, and a serious question was raised as to why the Senate committee should base its appropriation upon an estimate of cost of 60 cents for a ration in the Navy. The reason for that is this, that the undisputed evidence before the committee is that the Navy ration, which is fixed by law, contains 50 per cent more by weight of the material of which it is constituted, and also a greater variety of material, than the Army ration; and being one-third larger than the Army ration, if we apply the figure of 42 cents as the cost of the Army ration, the Navy ration would cost 63 cents instead of 60 cents, which was allowed by the Senate committee. So, taking that comparison, the figure allowed by the Senate committee was lower than the comparison would produce as a result.

Mr. KING. I was about to suggest to the Senator that, as I recall a portion of the testimony which was given before the committee—I did not hear the testimony to which the Senator refers, which came in later—the evidence seemed to indicate that the price fixed for the ration of which testimony was given was based upon war prices, based upon the prices of materials which had cost a figure very greatly in excess of what the same articles could be purchased for now, and certainly cost a great deal more than what the same articles can be purchased for in the coming year. This bill is to care for the next year. Doubtless the committee have taken that fact into consideration, but it would seem to me that in making the estimates for the coming fiscal year they ought not to use the datum line existing during the war as the basis of their calculations now.

Mr. POINDEXTER. I agree with the Senator, and the committee did. The basis last year was 68 cents, and the Senate committee reduced it to 60 cents. It was estimated that that would be approximately in line with the reduced cost of supplies.

The amendment was agreed to.

The next amendment was, in the appropriation for maintenance, Bureau of Supplies and Accounts, on page 34, line 10, to strike out "\$3,500,000" and insert "\$5,200,000"; and in the same line, to strike out "\$9,000,000" and insert "\$9,500,000"; so as to make the proviso read:

Provided, That the sum to be paid out of this appropriation, under the direction of the Secretary of the Navy, for chemists and for clerical, inspection, and messenger service in the supply and accounting departments of the navy yards and naval stations and disbursing offices for the fiscal year ending June 30, 1922, shall not exceed \$5,200,000; in all, \$9,500,000.

Mr. KING. Mr. President, I dislike very much to ask the Senator to permit this item to go over, but I have some information in my office which I desire to submit—at least I desire to examine it—and if it is what I think it is, I shall want to combat this increase. If it meets with the approval of my good friends, I ask that it may go over. It is the item of \$3,500,000, which has been increased to \$5,200,000.

Mr. POINDEXTER. If the Senator is not prepared to discuss it now, I will consent that it go over to accommodate the Senator.

The VICE PRESIDENT. Without objection, this amendment will be passed over temporarily.

The next amendment was, on page 34, after line 10, to insert:

That the clothing and small-stores fund is hereby increased out of any funds in the Treasury not otherwise appropriated, so as to equal the value of the stock on hand in the clothing and small-stores account on March 31, 1921, as shown by the records of the Bureau of Supplies and Accounts; and hereafter the clothing and small-stores fund shall be charged with the value of all issues of clothing and small stores made to enlisted men and apprentice seamen required as outfits on first enlistment, not to exceed \$100 each, and for civilian clothing not to exceed \$15 per man to men given discharge for bad conduct, for unsuitability, or inaptitude, and the uniform gratuity paid to officers of the Naval Reserve Force.

The amendment was agreed to.

The next amendment was, on page 35, line 7, to strike out "\$17,500,000" and insert "\$25,000,000," so as to read:

Fuel and transportation: Coal and other fuel for steamers' and ships' use, including expenses of transportation, storage, and handling the same; maintenance and general operation of machinery of naval

fuel depots and fuel plants; water for all purposes on board naval vessels; and ice for the cooling of water, including the expense of transportation and storage of both, \$25,000,000.

Mr. KING. Mr. President, I appeal to the Senator not to increase that amount, or at least to furnish an adequate explanation. There is an increase here of \$7,500,000 for fuel and transportation. I think fuel will be cheaper during the coming fiscal year than during the past fiscal year, and if we will get rid of some of the obsolete ships and cease to operate them and put the men now employed thereon upon smaller vessels, such as the torpedo boats, the expenses of the Navy will be greatly reduced. I can not understand why there should be such a tremendous need for fuel.

Mr. POINDEXTER. Mr. President, the expenditures for fuel in 1919 were \$59,157,256.63. For 1920 they were \$24,014,032.06. For 1921, the current fiscal year, the regular appropriation for fuel was \$30,000,000, and there is a deficiency already of \$8,600,000, making the expenditures for fuel for the current year, so far as known, \$38,600,000, as against \$25,000,000 allowed by the committee. The only reason I have seen advanced by the House committee for cutting down the appropriations to the amount contained in the House bill was that the figures seem to be extravagant, and they could not understand how there should be so much fuel used. But the cost is based upon actual experience and upon a calculation of the prices at which the Navy buys coal, or what the coal which they know will be required will cost.

I call the attention of the Senator from Utah to the fact that there has been and will be greater fleet movements, by reason of the movement of the fleet to the Pacific, than there have been in recent years, and that instead of the amount of fuel consumed being reduced it will probably be equally as great. But the Senate committee made allowance for a probable reduction in cost. It was only after a very minute questioning of the Chief of the Bureau of Supplies and Accounts that this increase in the House figure was adopted by the Senate committee, and I have not any doubt at all that if it is reduced it will simply result in a deficiency. There may be a deficiency anyhow. The best information we could obtain was that the purchase and consumption of fuel by the Navy is guarded with as much economy and efficiency as is possible. I have not discovered any extravagance or any mismanagement.

Mr. BORAH. Just how does the Navy purchase its fuel—by public bids?

Mr. POINDEXTER. A public call for bids and bids.

Mr. BORAH. Do they have really competitive bids?

Mr. POINDEXTER. They have really competitive bids.

Mr. KING. I am not satisfied with this item. I think the wisdom of the House was greater than the wisdom of the Senate committee. They made rather an exhaustive inquiry, and they felt that \$17,500,000 was adequate for fuel and transportation for the coming year.

Mr. POINDEXTER. May I interrupt the Senator a moment?

Mr. KING. I am glad to yield.

Mr. POINDEXTER. Among other representations made by the department upon this item I call the Senator's attention to the following statement:

The amount required for fuel for the Navy depends upon the number of vessels kept in active commission and the steaming necessary to keep them at a proper degree of military efficiency. The number of vessels which can be kept in commission depends upon the number of enlisted men in the service and the appropriations which are available for the maintenance and upkeep of the vessels of the active fleet.

The estimates as to the money required, heretofore prepared, have been on the basis of the number of enlisted men hereinafter stated, as follows:

100,000 men	\$29,275,000
110,000 men	32,225,000
120,000 men	34,250,000

The foregoing estimates were based upon cost prices then in force, with such changes as experience indicated might be expected to occur. Since that time bids have been received for furnishing fuel for the next six months, which indicates that if the bid prices are not exceeded during the fiscal year 1922 the above figures can probably be reduced approximately \$1,750,000.

It is believed that the sum of \$25,000,000 will be insufficient to keep the active fleet in a satisfactorily efficient condition, but as the quantities of fuel consumed depend solely upon the amount of cruising done by the fleet and as it is difficult so far in advance to prescribe the policy which may be found necessary with respect to the fleet's cruising, it is believed preferable to ask for \$25,000,000 now and to submit a supplemental estimate later on in the year if that action be then found necessary.

The amount allowed by the House (\$17,500,000) was entirely inadequate, and while stated to be based upon a change in steaming policy for the fleet, the supposed change in steaming policy was due to a misunderstanding of a statement of the Chief of Naval Operations which has been explained in the hearings before the Senate Naval Committee during the last session at page 179.

The proviso that the Shipping Board shall furnish Government-owned vessels to the Navy without charge, which has been in force since April 1, 1918, should be continued during the next fiscal year, as the Shipping Board is at no expense in furnishing vessels owned by the United

States to the Navy on a bare boat basis, and unless this proviso is included an additional appropriation of \$1,365,000 will be necessary for transportation of fuel.

Expenditures, 1919	\$59,157,256.63
Expenditures, 1920	24,014,032.06
Appropriated, 1921	30,000,000.00
Indicated deficiency, 1921	6,600,000.00

It is not necessary to go into detail about that, because, confessedly, the House appropriation was based upon an estimated amount of cruising, figured from a statement made by the Chief of Operations, and, as he has explained, his statement was entirely misunderstood as to the number of hours a day a ship would cruise.

Mr. KING. Mr. President, we all know that the prices of oil, as well as coal, for the years 1919, 1920, and 1921, were very high, very much higher than they will be, in my opinion, in 1922. Indeed, the price of oil during the past six months has been materially reduced. I know that the price of bituminous coal will be materially reduced during the coming year. I was talking with a coal man yesterday, who said he would be glad to mine and sell his coal for \$2 per ton at the mouth of the mine. If we can get the transportation problem settled—and I think it will be improved during the coming year—there will be a material reduction in freight rates. There will be a readjustment in the coming year, and that readjustment will be reflected in reduced prices. Many of the figures in this bill are based upon past prices, upon war prices, not upon prewar prices, not upon prices which will prevail in the coming year. I make the general criticism against this bill that it is too closely related to war prices. It reflects the war spirit, not the peace spirit. It is based too much upon conditions existing during the period of the war, and not sufficiently upon conditions following the war. An item of \$25,000,000 for fuel seems to me to be entirely too much.

The Senator refers to fleet cruising during the past year. I grant that there has been considerable. We moved a number of obsolete vessels from the Atlantic to the Pacific Ocean. Some were sent into the Pacific Ocean for maneuvers. Much of that expense, in my opinion, was unnecessary; I hope it will not be duplicated. With proper economies there can be a material reduction in the operation of the Navy.

Mr. President, a few years ago when we appropriated from \$75,000,000 to \$100,000,000 annually for the Navy it was regarded as a large appropriation. With those sums we accomplished a great deal. With less than that, in the days of Mr. Whitney, we developed the Navy and made great progress.

But now we must speak in hundreds of millions. Here we have a bill which carries over \$400,000,000 for maintenance of the Navy for one year. This does not include the construction program. The overhead is too much. There is inefficiency and extravagance, Mr. President, when expenditures are made of these enormous amounts. I propose to vote against this item. I think that \$17,500,000, the amount allowed by the House, is ample for the Navy for fuel expenses for the current year.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. KING. On that I ask for the yeas and nays.

Mr. CURTIS. Before that request is put, I wish to state that we desire to have a short executive session. If there is going to be a ye-and-nay vote it might be well to take a recess.

Mr. POINDEXTER. Let us see first whether a ye-and-nay vote will be ordered.

Mr. CURTIS. We might have some difficulty in getting a quorum to-night.

Mr. KING. I move that the Senate proceed to the consideration of executive business.

Mr. POINDEXTER. I hope that motion will be defeated.

The motion was not agreed to.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, on page 35, line 7, striking out "\$17,500,000" and inserting "\$25,000,000."

Mr. BORAH. Mr. President, the amendment carries an increase of about seven or eight million dollars. I am perfectly aware, of course, that the mere fact that we appropriate so much or the fact that we do not appropriate so much or any amount at all will not cut any figure. The Navy Department pays no more attention to appropriations of Congress than if Congress were not in existence. It expends money utterly regardless of appropriations, and sends here for its millions of dollars in the way of deficit, and Congress takes care of it. Nevertheless and notwithstanding that fact, this Congress has some duties to perform in regard to it, and if we appropriate \$25,000,000 it will simply accentuate the extravagance which the Navy Department will feel it has a right to indulge in.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Harrison	Newberry	Swanson
Borah	Heflin	Norris	Trammell
Broussard	Jones, Wash.	Oddie	Wadsworth
Capper	Kendrick	Overman	Walsh, Mont.
Caraway	Kenyon	Phipps	Warren
Curtis	Keyes	Pittman	Watson, Ind.
Dial	King	Poindexter	Willis
Fletcher	Ladd	Ransdell	Wolcott
Glass	La Follette	Sheppard	
Gooding	McKinley	Simmons	
Hale	Nelson	Sutherland	

The VICE PRESIDENT. Forty-one Senators having answered to their names, a quorum is not present. The Secretary will call the names of absentees.

The reading clerk called the names of absent Senators, and Mr. BURSUM, Mr. GERRY, Mr. HARRIS, Mr. McCUMBER, Mr. NICHOLSON, and Mr. STANFIELD answered to their names when called.

The VICE PRESIDENT. Forty-seven Senators having answered to their names, a quorum is not present.

Mr. BORAH. I move that the Senate adjourn.

Mr. POINDEXTER. I hope that motion will be voted down. The Senate refused to adjourn.

Mr. POINDEXTER. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the order of the Senate.

Mr. SMITH and Mr. ERNST entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-nine Senators having answered to their names, a quorum is present.

EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

RECESS.

Mr. POINDEXTER. I move that the Senate take a recess until 12 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate took a recess until to-morrow, Friday, May 13, 1921, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate May 12, 1921.

DEPARTMENT OF JUSTICE.

ASSISTANT ATTORNEY GENERAL.

William W. Hoppin, of New York, to be Assistant Attorney General (conduct of customs cases), vice Bert Hanson, resigned.

UNITED STATES ATTORNEYS.

Al. F. Williams, of Kansas, to be United States attorney, district of Kansas, vice Fred Robertson, whose term will expire June 21, 1921.

Frank A. Linney, of North Carolina, to be United States attorney, western district of North Carolina, vice Stonewall J. Durham, appointed by court.

Frank Lee, of Oklahoma, to be United States attorney, eastern district of Oklahoma, vice John T. Harley, appointed by court.

UNITED STATES MARSHALS.

Henry F. Cooper, of Oklahoma, to be United States marshal, eastern district of Oklahoma, vice B. A. Enloe, jr., resigned, effective July 1, 1921.

DEPARTMENT OF THE INTERIOR.

ASSISTANT COMMISSIONER OF GENERAL LAND OFFICE.

George R. Wickham, of Los Angeles, Calif., to be Assistant Commissioner of the General Land Office, vice Charles M. Bruce, resigned.

SUPERINTENDENT FOR FIVE CIVILIZED TRIBES IN OKLAHOMA.

Victor M. Locke, jr., of Antlers, Okla., to be Superintendent for the Five Civilized Tribes in Oklahoma, vice Gabe E. Parker, resigned.

REGISTER OF LAND OFFICE, MONTROSE, COLO.

Henry J. Baird, of Colorado, to be register of the land office at Montrose, Colo., vice Onias C. Skinner, whose term will expire May 16, 1921.

RECEIVER OF PUBLIC MONEYS, DENVER, COLO.

Charles D. Ford, of Colorado, to be receiver of public moneys at Denver, Colo., vice William A. Maxwell, whose term will expire May 28, 1921.

COMMISSIONER OF EDUCATION.

John J. Tigert, of Kentucky, to be Commissioner of Education, vice Philander P. Claxton, resigned.

DEPARTMENT OF COMMERCE.

SOLICITOR.

William E. Lamb, of Illinois, to be Solicitor of the Department of Commerce, vice F. G. Wixson, resigned.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY OF THE UNITED STATES.

ORDNANCE DEPARTMENT.

Capt. Robert Perry Mortimer, Cavalry, with rank from July 1, 1920.

INFANTRY.

Capt. James Julian Pirtle, Field Artillery, with rank from July 1, 1920.

PROMOTIONS IN THE REGULAR ARMY OF THE UNITED STATES.

MEDICAL CORPS.

To be captains.

First Lieut. William Donaldson Fleming, Medical Corps, from May 3, 1921.

First Lieut. Ralph Ellis Murrell, Medical Corps, from May 5, 1921.

UNITED STATES NAVY.

Lieut. (Junior Grade) Karl R. Shears to be a lieutenant in the Navy from the 6th day of June, 1920.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of July, 1920:

Hugh G. Eldredge.	William De Wayne Austin.
Romeo J. Jondreau.	John H. Campman.
Hugh Schmidt.	Laurance P. Safford.
Woodbury E. Mackay.	Theodore T. Patterson.
Arthur D. Burhans.	Herbert S. Jones.
George G. Robertson.	Frank G. Fahrion.
Paul F. Shortridge.	John B. Heffernan.
Conrad L. Jacobsen.	Harold F. Ely.
William S. B. Claude.	Charles D. Leffler, jr.
Wilber M. Lockhart.	Wallace M. Dillon.
Leonidas M. Mintzer.	

Lieut. (Junior Grade) Rollin Van Alstine Failing to be a lieutenant in the Navy from the 1st day of October, 1920.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 30th day of March, 1920:

Ralph F. Skylstead.	Leonidas M. Mintzer.
Conrad L. Jacobsen.	Wallace M. Dillon.
William S. B. Claude.	

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 29th day of June, 1920:

Miles R. Browning.	Leonidas M. Mintzer.
Charles D. Leffler, jr.	Wallace M. Dillon.
Wilber M. Lockhart.	

The following-named ensigns to be lieutenants (junior grade) in the Navy, from the 1st day of July, 1920:

Ralph A. Ofstie.	Rex L. Hicks.
Winfield A. Brooks.	Joseph Buchalter.
David H. Clark.	Russell M. Ihrig.
Eugene L. Kell.	Ernest H. von Heimburg.
William N. Updegraff.	Wade E. Griswold.
Herschel P. Cook.	Walter Ansel.
William E. Tarbutton.	Charles Allen.
Jack C. Richardson.	Desmond J. Sinnott.

Ensign Rollin Van A. Failing to be a lieutenant (junior grade) in the Navy from the 30th day of September, 1920, to correct the date from which he takes rank, as previously nominated and confirmed.

The following-named assistant paymasters to be passed assistant paymasters in the Navy with the rank of lieutenant from the 1st day of July, 1920:

David P. Polatty.
Edwin D. Foster.
William J. Carter, jr.

Passed Asst. Surg. Reginald B. Henry to be a surgeon in the Navy with the rank of lieutenant commander from the 1st day of July, 1918.

Passed Asst. Surg. Duncan C. Walton to be a surgeon in the Navy with the rank of lieutenant commander from the 7th day of December, 1919.

Asst. Surg. Philip J. Murphy to be a passed assistant surgeon in the Navy with the rank of lieutenant from the 30th day of July, 1919.

Acting Chaplain Truman P. Riddle to be a chaplain in the Navy with the rank of lieutenant (junior grade) from the 2d day of June, 1920.

Asst. Naval Constructor Charles L. Brand to be a naval constructor in the Navy with the rank of lieutenant from the 5th day of February, 1921.

Asst. Naval Constructor John P. Yates, for temporary service, to be an assistant naval constructor in the Navy with the rank of lieutenant from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920, to correct his name as previously nominated and confirmed.

Asst. Civil Engineer Allen Hoar, United States Naval Reserve Force, to be an assistant civil engineer in the Navy, with the rank of lieutenant, from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920, to correct his name as previously nominated and confirmed.

Lieut. Fred W. Cobb to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Passed Asst. Surg. Cope M. Blackford, for temporary service, to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Passed Asst. Surg. DeWitt T. Hunter, United States Naval Reserve Force, to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

The following-named midshipmen to be ensigns in the Navy from the 3d day of June, 1921:

Elmer P. Abernethy.	Thomas C. Brownell.
Jasper T. Acuff.	David H. Byerly.
Harold E. Aken.	Fort H. Callahan.
Clarence E. Aldrich.	John M. Campbell, jr.
Charles S. Alexander.	Robert E. Canty.
John G. Ames, 3d.	Robert H. Carey.
Fletcher B. Ball.	Harold A. Carlisle.
Joseph R. Barbaro.	David E. Carlson.
Herman Barter.	Joseph P. Carney.
Frederic S. Bartlett.	James V. Carney.
Clement R. Baume.	Hezekiah W. Carroll, jr.
Jefferson D. Beard.	Angus M. Cohan.
Joseph M. Began.	Joseph A. Connolly.
Keith R. Belch.	Lawrence F. Connolly.
Charles Bell.	Albert B. Cook.
Robert W. Berry.	Stephen B. Cooke.
Harry L. Bixby.	William R. Cooke, jr.
Boynton L. Braun.	Clement F. Cotton.
Francis J. Bridget.	Howard N. Coulter.
George M. Brooke.	Jennings Courts.
Charles R. Brown.	Wyatt Craig.
Luther A. Brown.	William B. Cranston.
Robert C. Brown.	George C. Crawford.
John S. Crenshaw.	Walter J. Lee.
Joseph C. Cronin.	John J. Lenhart.
Edwin M. Crouch.	George C. Lewis, jr.
Burnett K. Culver.	Robert P. Lewis.
Thomas M. Dell, jr.	Thomas L. Lewis.
Richard R. Dennett.	Alex M. Loker.
Horace L. de Rivera.	John K. Lynch.
August J. Detzer, jr.	George D. Lyon.
Sterling T. Dibrell.	George H. Lytle.
Justin H. Dickens.	Thomas L. McCann.
Lawrence E. Divoll.	Arthur H. McCollum.
Carl S. Drischler.	Frank S. McCrory.
William L. Drybread.	Louis G. McGlone.
Walter S. Dufton.	Leo J. McGowan.
Percy Earle.	Logan McKee.
Melville E. Eaton.	Ernest W. McKinley.
Raymond D. Edwards.	Julius A. McNamar.
Casper H. Eicks.	Edward I. McQuiston.
Homer O. Eimers.	James H. McWilliams.
Campbell D. Emory.	Charles F. Macklin, jr.
Frederick I. Entwistle.	John F. Madden.
Donald L. Erwin.	Dashiell L. Madeira.
Edward C. Ewen.	William H. Magruder.
Francis E. Fairman, jr.	Edward A. Maher.
Floyd F. Ferris.	Edmund C. Mahoney.
Francis J. Firth.	Newton C. Maney, jr.

William G. Forbes.
 Francis D. A. Ford.
 James S. Freeman.
 John M. Frier.
 Daniel A. Frost.
 Blair MacW. Fuller.
 Willard R. Gaines.
 Ward C. Gilbert.
 Donald T. Giles.
 George W. Gilliam.
 Charles O. Glisson.
 Holbrook M. Goodale.
 Lawrence C. Grannis.
 Charles W. Gray, jr.
 William C. Gray.
 Charles F. Greber.
 Robert C. Greenwald.
 William A. Griswold.
 Dallas Grover, jr.
 Charles L. Hachtel.
 Raleigh S. Hales.
 Kenneth R. Hall.
 William V. Hamilton.
 Wiley N. Hand.
 Ralph E. Hanson.
 John S. Harrison.
 John P. Heath.
 Everard M. Heim.
 George G. Herring, jr.
 Robert F. Hickey.
 George D. Hilding.
 William D. Hoover.
 John M. Hoskins.
 Harold A. Houser.
 Paul E. Howell.
 James R. Hughes.
 Joseph C. Huske.
 Frederick H. W. Jackson.
 Robert E. Jasperson.
 Lowden Jessup, jr.
 Franklin O. Johnson.
 William D. Johnson, jr.
 George A. Jones.
 Hal C. Jones.
 Walter R. Jones.
 Charles H. Judson.
 Robert T. Kain.
 Walter S. Keller.
 Clifford T. Kelsh.
 Bertram M. Kern.
 Michael H. Kernodle.
 Edmund Kirby-Smith, jr.
 Addison E. Kirk.
 John R. Kivlen.
 Edward C. Kline.
 Herbert P. Knowles.
 Carl Koops.
 Thomas P. Kucera.
 Charles R. Lamdin.
 Donald F. Smith.
 George W. Snyder, 3d.
 Frederick S. Steinbauer.
 Cortland J. Strang.
 Oral R. Swigart.
 Elmer A. Tarbutton.
 Herbert A. Tellman.
 Marion C. Thompson.
 John A. Upshur.
 Ralston B. Vanzant.
 John L. Walker.
 Ernest H. Webb.
 Morris J. Westfall.
 Edward E. Wilkie.
 Theodore R. Wirth.
 Henry T. Wray.

MARINE CORPS.

The following-named midshipmen to be second lieutenants from the 3d day of June, 1921:

Roger S. Bagnall.
 Harold D. Hall.
 William N. McKelvy, jr.
 Andre V. Cherbonnier, jr.

To be second lieutenants from the 4th day of June:

Thomas J. Cushman.
 Edwin J. Farrell.

Charles J. Marshall.
 George D. Martin.
 Robert H. Merrick.
 George C. Miller.
 Clinton A. Misson.
 William L. Moise.
 Peter M. Moncewicz.
 Edward P. Moore.
 Silas B. Moore.
 Gale C. Morgan.
 John H. Morrison.
 William J. Murphy.
 Addis D. Nelson.
 Joseph I. Nemrow.
 Joel Newsom.
 Phillip G. Nichols.
 Arthur G. Nish.
 Walfrid Nyquist.
 Eugene B. Oliver.
 John L. B. Olson.
 Thomas A. Parfitt.
 Walton B. Pendleton.
 Charles H. Perdue, jr.
 Hugh Peters.
 Everett E. Pettee.
 Robert L. Pickens.
 Harlow M. Pino.
 Leslie K. Pollard.
 Elwood D. Poole.
 Ernest J. Poole, jr.
 Dewey G. Porter.
 Kent H. Power.
 William S. Price.
 Stuart S. Purves.
 Charles F. M. S. Quinby.
 Walter P. Ramsey, jr.
 Rogers S. Ranshousen.
 Lester R. Reiter.
 John E. Reznor.
 John W. Rice.
 David W. Roberts.
 James A. Roberts, jr.
 Joseph P. Rockwell.
 Charles W. Roland.
 Lionel L. Rowe.
 George L. Russell.
 Lorenzo S. Sabin, jr.
 Geoffrey E. Sage.
 Carl H. Sanders.
 Walter G. Schindler.
 Hubert G. Schneider.
 Lucius K. Scott.
 Lorenzo Semple, jr.
 William H. Sewell.
 Franklin McR. Shannon-house.
 Hiram P. Shaw.
 Bernard J. Skahill.
 Charles E. Smith.
 Charles M. Snelling, jr.
 Apollo Soucek.
 George C. Stevens.
 Francis H. Stubbs, jr.
 Frank R. Talbot.
 Herbert W. Taylor, jr.
 Myron E. Thomas.
 Wakeman B. Thorp.
 Nicholas B. Van Bergen.
 James B. Voit.
 Harold Watters.
 Walter F. Weidner.
 Robert G. Willis.
 Irving D. Wiltsie.
 Lamar M. Wise.
 Leil L. Young.

Howard N. Kenyon.
 John C. McQueen.
 David V. Pickle.

Vernon M. Guymon.
 Morris L. Shively.

CONFIRMATIONS.

Executive nominations confirmed by the Senate May 12, 1921.

COLLECTORS OF INTERNAL REVENUE.

John C. Cannon, for the first district of Illinois.
 George W. Schwaner, for the eighth district of Illinois.

DISTRICT OF COLUMBIA.

MEMBERS BOARD OF CHARITIES.

William J. Kirby.
 Mrs. Virginia Cross.
 William T. Galliher.

POSTMASTERS.

ILLINOIS.

Charles C. Hamilton, Arthur.
 Bertha A. Thorp, Litchfield.

NEW JERSEY.

Herbert E. Poulson, Far Hills.
 Frank J. Bock, Newark.

HOUSE OF REPRESENTATIVES.

THURSDAY, May 12, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, we come unto Thee with a prayer and not a claim. Confirm in us Thy gracious promise, namely, "I will guide thee with Mine eye." As a sparrow does not fall to the ground without the Father's notice, meet us at our weakest point, and wherein we are weak make us strong. May we see God in providence moving over the troubled waters of the earth, bringing order out of chaos and peace out of tumult. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

SWEARING IN OF A DELEGATE.

The SPEAKER. Any Members desiring to take the oath of office will present themselves.

Mr. KALANIANAOLE appeared at the bar of the House and took the oath of office.

IMMIGRATION.

Mr. JOHNSON of Washington. Mr. Speaker, I present a conference report on the disagreeing votes of the two Houses on the amendment of the Senate to the bill H. R. 4075, to limit the immigration of aliens.

The SPEAKER. The gentleman presents a conference report to be printed under the rule.

Mr. GARRETT of Tennessee. Mr. Speaker, may I ask the gentleman from Washington, for the information of the House, when it is his purpose to ask for action on the conference report?

Mr. JOHNSON of Washington. Mr. Speaker, I believe by arrangement with the majority leader the bill will be called up to-morrow morning, immediately following the bill at present under consideration.

EMERGENCY TARIFF.

Mr. YOUNG of North Dakota. Mr. Speaker, I ask unanimous consent that H. R. 2435 be taken from the Speaker's table and sent to conference.

The SPEAKER. The bill has not been messaged over.
 Mr. GARNER. The bill has not come over from the Senate. I do not see how you are going to take up a bill that is not in the House.

Mr. WALSH. It was passed only last night.

ADJOURNMENT OVER SATURDAY.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-morrow it adjourn to meet on Monday next.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-morrow it adjourn until Monday. Is there objection?

There was no objection.

FUTURE TRADING IN GRAIN.

On motion of Mr. TINCHER, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options

for such contracts, and providing for the regulation of boards of trade, and for other purposes, with Mr. MADDEN in the chair.

Mr. BURTNESS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from North Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BURTNESS: Page 1, line 11, after the word "rye," insert the word "flax."

Mr. BURTNESS. Mr. Chairman, the amendment which I have just offered is, of course, a very plain one. It simply includes flax in the definition of the word "grain." I do not know why the committee reported the bill without including flax as one of the grains coming within the operation of this law. The purposes of this bill, as I understand it, or the principal purposes, are perhaps two. One is to make it impossible for gamblers or speculators to manipulate the price of grain to the detriment of the producer—

Mr. ASWELL. Will the gentleman yield?

Mr. BURTNESS. I yield to the gentleman from Louisiana.

Mr. ASWELL. Does the gentleman know that flax is not listed at all on any board of trade of the country?

Mr. BURTNESS. I want to assure the gentleman that I know that just the contrary is true.

Mr. ASWELL. It was testified before the committee that it is not listed at all.

Mr. BURTNESS. I can state from my own personal experience that it is listed; that only a few months ago I personally bought options, or a future, on flax on the Minneapolis Board of Trade; and unless there has been a change very recently, the gentleman is mistaken. I bought a future for March, and it cost me 14 cents per bushel to convert that future into May. So I am absolutely positive that the gentleman is entirely mistaken. It may be true that upon some of the boards there are no future dealings in flax, but that is not the case as to all of the boards of trade.

Doubtless the second purpose and, I think, the most desirable purpose of all that will be accomplished by the bill is to control fluctuations. If you will look at the market reports you will find that the fluctuations in flax have been greater from day to day and week to week during the past seven or eight months than the fluctuations in wheat. Of course, flax has declined more than wheat and other grains in proportion. For instance, about a year ago flax was selling on the local market at about \$5 a bushel. I personally bought seed a year ago at \$6 a bushel. The flax that was being thrashed last fall brought in the local market of our State \$3 to \$3.50. To-day flax brings on the same market about \$1.30. There have been times within the last few months when there have been fluctuations from day to day amounting to 30 cents on flax.

I am mentioning these things to show the real necessity of inserting flax, if the purpose of the bill, which is a proper purpose, is to prevent these fluctuations, which are to the detriment of the producer. [Applause.]

Mr. TINCHER. Mr. Chairman, as has been suggested here by questions, at the time of hearings on the bill it was represented to the committee that flax was not traded in on these exchanges. I agree with the gentleman that there is one exchange where they trade in futures on flax. I want every man to have the benefit of this measure, and I have no disposition to oppose the gentleman's amendment, and I hope the committee will agree to it.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUDSPETH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 1, line 10, strike out the word "grain" and insert "agricultural products." Page 1, line 11, after the word "mean," insert the word "cotton."

Mr. TINCHER. Mr. Chairman, I reserve a point of order on the amendment.

Mr. HUDSPETH. Mr. Chairman and gentlemen of the House, I want to state that I am in favor of the bill. It does not go to the extent that I would like to have it go, and that is, put every gambling exchange on this earth out of business and give the honest producer a chance; but it is a step in the right direction. I am sorry that the gentleman who is the author of the bill, who has given it considerable thought, did not include the word "cotton" in this bill when it was before the Committee on Agriculture. I want to say to my friend from Kansas that I believe that it would have gained him support instead of losing support on this side. If you will adopt my amendment embracing cotton exchanges you should get the support of every Democrat on this side.

Mr. KINCHELOE. Will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. KINCHELOE. The question was thoroughly discussed in the committee and four of the members from the cotton-growing sections of the country on the committee claim that the cotton futures act is practically the same as this law. The fact is that the rest of us members do not know any more about cotton than you do about tobacco, and you gentlemen are divided among yourselves.

Mr. HUDSPETH. That may be true, but I want to say that there are Representatives from the cotton States on the Agricultural Committee, and they should know that the man who produces cotton wants the kid-gloved, nimble-fingered manipulator in New York put out of business. I want to state this, that I believe it was 1909 that a law was written by my colleague from Texas, an able lawyer, who was then county attorney of Dallas County, putting the bucket shops out of business in my State.

The gentleman from Texas [Mr. SUMNERS] drew the bill that stood the test of the court, the former law having been held unconstitutional, and the bucket shop was driven from business. And I, as a State senator, fought for that bill through the Texas Legislature, and drove these "knights of the green cloth" from the fair soil of Texas. I want to say to the men representing the cotton States here that when that law was passed driving these gambling hells from the Lone Star State that immediately cotton advanced several cents a pound. And yet some of the Representatives from the South are afraid that if we embrace cotton in this bill it will work to the detriment of the farmer.

Let me say to my friend from Louisiana, who opposes putting the cotton exchanges in the scrap heap, that in 1917, when cotton was quoted on the market at 18 and 19 cents a pound, the farmers of Texas—if you want to know how the real farmers stand as to the gambling exchanges, gambling hells—2,500 delegates passed a resolution asking for the abolition of the gambling exchanges, and also met in convention at Austin to study the cost of the production of cotton in Texas. It was discovered at that time that the actual cost of producing cotton was 27 cents a pound. They held for that price, and cotton went up to and beyond 27 cents a pound, although the propaganda was carried on by the cotton exchanges of New York and New Orleans against the convention then assembling in Austin. And yet you tell me that the farmers of Texas are not in favor of the abolition of these gambling joints. I want to say to you that the only difference between a bucket shop and the cotton exchange is this: The bucket shop was a small institution in the back end of a saloon, run usually by men of a low order of mentality, and a lower order of morality, with no financial responsibility back of it. There they bid on the price, and the article sold they did not have, and never expected to have. The cotton exchange has a financial responsibility; the men behind the exchanges are men of some financial standing. The difference between a bucket shop and an exchange is about the same difference that did exist between a common beer joint with a plate-glass mirror and mahogany-bar saloon. But, gentlemen, do you tell me that when a man buys something not in existence, and sells it dozens of times over, on which he never expects to make a delivery, do you tell me that that will redound to the benefit of the producer of cotton, and that these "Herman-trick" manipulations are not pure, unadulterated gambling?

Mr. PURNELL. Will the gentleman yield?

Mr. HUDSPETH. I will.

Mr. PURNELL. I think in fairness to the members of the committee, especially those coming from the Northern States, it ought to be said to the gentleman, out of deference to you gentlemen from the South, that we did not undertake to deal with this subject in the bill, feeling that you were more responsible and more competent to draft a separate bill relating to cotton. Now, I want to ask the gentleman whether or not he believes that the general provisions of the bill would be applicable to cotton?

Mr. HUDSPETH. Let me say to the gentleman I would rather this committee would not pay the southern Members too much "deference." It can be made applicable by amendment.

Mr. PURNELL. Would it not necessitate a revamping of the whole bill?

Mr. HUDSPETH. Not entirely, but it would necessitate several other amendments, and if my amendment is adopted I intend to offer the others.

Mr. PURNELL. Is there in the cotton exchanges "puts and calls privileges" and "ups and downs," as there are in the grain exchanges and as provided for in the present bill?

Mr. HUDSPETH. Yes; there are "puts" and "calls" in the cotton exchange. You "put" your money up on a myth—the fellow behind the green cloth "calls" your hand—you get skinned out of everything from your cotton sox up. The cotton farmer has a price fixed on his cotton when he has not a seed in the ground, and the Bureau of Markets of the Agricultural Department is informed by these silk-hat gentry as to the number of bales that will be produced that year when there is not a furrow opened; the spinner enters into an unholy alliance with the cotton exchanges—agrees not to buy any cotton from the producer until the cotton exchanges beat down the price. The price is fixed by the exchanges in March, and the poor old producer sells in October and November for at least one-third less. The exchange gentry and the spinner declare their annual 100 per cent dividends, and the poor old cotton farmer who produces the wealth of this country catches what Sherman called war, and yet we Representatives from the cotton States have not got the courage to stand up here and fight these minions of evil and champion a bill for his relief.

Mr. PURNELL. My only thought is, even though your amendment is in order, it will necessitate an entire rewriting of this bill and perhaps cause us to lose some of the important features—

Mr. HUDSPETH. I do not want to hamper this bill in the least, because I am for it, for the Lord knows I will vote for anything that will stop gambling on agricultural products. And I disagree with my colleague from Texas [Mr. BLANTON] that this bill legalizes gambling. I do not read that in this bill; neither does he. It certainly puts "puts" and "calls" out of business. I want to do this and more with respect to the cotton exchanges. I do not believe that God Almighty ever formed the economics of this world so that you had to stabilize them by gambling. I never did believe it, and we did not in Texas when we drove the bucket shops across the Rio Grande, and cotton went up immediately, and everybody knows it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUDSPETH. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none.

Mr. PURNELL. What is there in cotton that is synonymous with "puts" and "calls" as recognized in grain?

Mr. HUDSPETH. I understand from my colleague from Texas [Mr. JONES] that you go and buy an option on a board of trade to purchase wheat, we will say. You put up your option money. If wheat goes up, you get your margin; if it goes down, the exchange man gets your money; you never expected to receive a bushel of wheat, and the so-called board of trade never expected to deliver you a bushel, and did not have it to deliver. Then the same thing would apply to the cotton exchange, where you buy 10,000 bales of cotton that is not in existence, when you never expect to be delivered, and I want to say to my friend, as was cited by my friend, Mr. ASWELL, from Louisiana yesterday, that while we have to-day upon the statute books a so-called law against futures, that if I sell you spot cotton or middling cotton, when it comes to delivery I can deliver you any 1 of 10 grades. Now, you tell me that the cotton raiser is the beneficiary of such a fool law as this? No; it is the cotton exchange. Suppose I sell my friend from Texas, Mr. PARRISH, who understands the cattle business—I breed white-face cattle—and say he buys a thousand yearlings from me, six months delivery in Fort Worth, say we had a cattle exchange doing business there, and he pays me \$40 a head for those cattle, and I can step into Mexico, buy and deliver him a thousand yearlings under that contract, and put in old, dun, flea-bitten, speckled, loose-jointed oxen from Mexico that would fit any 10 grades in the cattle line.

You tell me, gentlemen, that my friend PARRISH would accept that contract? Well, he would have to if we had such an outrageous law governing cattle futures as we have the contracts for cotton futures. No; there would be a vacancy in the sixteenth congressional district and somebody would be marching slowly behind me to some country burying ground on the hillside. But, my friend, you can do that under the law that is now on the statute books as to the sale of cotton futures. I sell you middling cotton and I can deliver you any 1 of 10 grades, or I do not have to deliver it at all, because we all know you can not enforce specific performance in reference to personal property. You can not enforce, I will say to my friend from Louisiana, specific performance of personal property under the law you have on the statute books to-day. Gentlemen, when a man can buy and sell ten times the production of this country, and we produce 11,000,000 bales—4,000,000 in my State—and these gamblers on the cotton exchanges sell it over and over

again, 20,000,000, 30,000,000, 50,000,000, or 100,000,000, you tell me that redounds to stabilize and enhance the price to the producer? You tell me that when you sell ten times the cotton production of this country that that benefits the man who grows cotton? The cotton farmer in Texas does not think so, and not a single representative of the real farmers of that great State who has been before your committee, I will say to the gentleman from Kansas, but asked for the abolishment of the gambling hells known as cotton exchanges.

Mr. TEN EYCK. Will the gentleman yield?

Mr. HUDSPETH. Yes; I will yield.

Mr. TEN EYCK. Would not the cotton industry gain a greater benefit if a bill were introduced by somebody taking care of the industry in its entirety by itself? The gentleman would not agree to have the packers come in here and amend this bill, or some man on the floor amend it—

Mr. HUDSPETH. I can not yield for a speech. I would agree to old "Nick" himself coming in here and amending this bill if he will amend it so that cotton gamblers will be put out of business or put in the penitentiary. I would agree to anything on this earth that would abolish cotton exchanges, so we could go back to the God-given law of supply and demand. That is what the farmer wants to-day. I introduced a bill putting them out of business, and I am inserting a copy of my bill as a part of my remarks. Mr. CARAWAY, of Arkansas, introduced a bill putting them out of business, and where are those bills now? I fear sleeping the sleep that knows no awakening. Senator Comer in the Senate introduced an amendment to put them out of business, and I voted for it when it came up, but it did not pass.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MASON. Mr. Chairman, I ask that the time of the gentleman be extended to enable me to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none.

Mr. MASON. I am in sympathy with the gentleman's amendment. If this bill is to put out the small gambling concerns that deal as they say in "puts" and "calls," what is there, if this bill passes, that will prevent those gentlemen from continuing the same business and applying it to cotton that they now apply to grain?

Mr. HUDSPETH. There is nothing, as to cotton without my amendment. There is no restriction as to cotton, and they will continue to plunder the producer by fixing the price of the product they do not produce, that they do not own, handle, or expect to own. And I want to say to you gentlemen here that when cotton is highest is when there is not a seed in the ground, and how do they know what the price is going to be? How do they know what the crop will be, and yet that is when the prices are the highest.

These silk-gloved, gold-collared, and stiff-hat gentry, great benefactors of the horny-handed farmer (?)—"they toil not, neither do they spin," but Solomon in all his glory never was arrayed like them. And yet some of my colleagues say, "Let the farmer come here and tell us what to do, you are being destroyed but we are going to wait, not hamper this bill, although we have a chance to amend it and protect the cotton farmer." I will tell you what he ought to do when he gets a chance—select some other Representative.

Ah, some of you say, "I am afraid it will hurt the price of cotton to even regulate the cotton exchanges, much less put them out of business." Have you ever heard a real honest-to-God farmer express that fear? I have not. No, it is the farmers of New York and New Orleans that have that fear. Take those 6,000,000 farmers of gay Gotham, and those 400,000 farmers of New Orleans, and they shiver like a wet canine in a Texas "norther" when you talk about regulating the cotton exchange; but Uncle Reuben out there on his little farm in the black lands and the sandy lands of great old Texas does not want his business built up and stabilized by a class of men who make their millions through the sweat of other men's brows. Why, my friends, I saw a statement here a while back that a seat on the New York Cotton Exchange sold for \$92,000, which was nothing more or less than a right to gamble on the honest toil of the man who works between the cotton rows in my State and yours. At whose expense did he take that seat? Uncle Reuben and his entire tribe paid for it.

I also saw where a stock dividend of 100 per cent was declared by the cotton mills in Lewiston, Me.; also another statement that 20 cotton mills in Spartanburg, S. C., with a capital stock of a little less than nine million, declared on January 1 of this year stock dividends of six millions and cash dividends amounting to two million and ninety-three thousand. Remem-

ber, my friends, what I said a little while ago about that unholy combination of the cotton exchange and the spinner—and there is no doubt about it. The trifling sum of \$90,000 for the mere right to gamble on the fruits of honest toil and 100 per cent dividends by cotton mills, when the farmers of my State are selling their cotton at 50 per cent below the cost of production, whole farms without a boll touched, on account of no money to pay for labor, his children deprived of school advantages, hungry and ragged, and these leeches and bloodsuckers indulging in bacchanalian revel feasting like vultures upon the labor of the man who toils in the stifling heat of summer and the chilly blasts of winter. Mr. Chairman, while there is not hardly a seed of it in my country, I do not wonder sometimes at the too rapid spread of socialism and bolshevism in this country. A ninety thousand privilege for one season, mind you, to gamble will not have a detrimental effect upon the spread of this germ, I am quite determined. And yet you say, "I am afraid I will hurt my constituents." "I might move in the wrong direction." What did they send us here for? As "rubber stamps" or are we men with heads on our shoulders and some brains in those heads? Oh, you say, we will be damned if we do and we will be damned if we do not. Probably so, but I would rather be cursed and make some mistakes trying to do something for the benefit of my people than to sit down and never make an effort when they are being destroyed in their property and the only industry they know.

Some of my friends say, "Well, we have not heard from the farmer." Yes; you have heard from him in the only way he can make himself heard, by letter and petition; you heard from Mr. Barrett, his representative and the president of the Farmers' Union in this country. The farmer reads and keeps abreast. He may not have the cash to ride in palace cars and stop at the Raleigh and the Willard, but he knows of these bills that I introduced, that Mr. HERLIN introduced, and that Senator Comer tried to pass through this House, that did pass the Senate; if they were detrimental to his business you would have heard from him. You have heard from the other side by leaps and bounds, by squads, platoons, companies, regiments, and brigades.

Why, gentlemen, the day after my bill abolishing cotton exchanges was published, although I had been here only a year, you would have thought I was the most popular man in Congress, that I was the leader of the majority and the minority as well, and that I was dispensing patronage for President Harding on the side. They streamed in and out of my office. "I just want to tell you you are making a mistake in this bill," they would say; "it will simply ruin the cotton farmer and destroy his business." "Where are you farmers from?" I would ask. "Why, at present we are farming in 'Noo-Ark.'"

Take the hearings before the Agricultural Committee on this and other kindred bills of 1,070 pages and you will not find a single witness who represented the real farmers protesting against the passage of bills abolishing gambling in cotton futures and grain futures. Ah, some of my friends say they are useful in disseminating knowledge as to market conditions to the farmers. What have we got the Bureau of Markets and the Agricultural Department for? The information from the latter source is accurate and does not cost the farmer anything. One of my friends said, "Cotton exchanges have created a market in the last year for cotton, and although it has been low, cotton would sell at all times at some price and wool would not." Therefore he says, or means to say, that the exchange is a necessary evil. Well, if Mr. Crissinger, Comptroller of the Currency, was correct in his speech at the banquet the other night, my friend—and, by the way, he is a Congressman from my State—is incorrect. Mr. Crissinger says that for the past 12 months wool, although on a declining market, has sold at all times 20 per cent higher than the prewar prices, and that cotton has sold and is now selling at one-third lower than prewar prices, and that wool has been as salable at all times as cotton. If Crissinger is right, my colleague is wrong, and the cotton exchanges have not benefited the producers of cotton but have been a detriment, for we all know there are no wool exchanges. How a man can stand up and say he is in favor of abolishing bucket shops and is in favor of a continuance of the cotton exchange, I can not understand. I can not agree with his logic or follow his reason. One gentleman from Texas testified before the Agricultural Committee last January in favor of the cotton exchange, but that he was against the bucket shop. Oh, yes; said he came at the request of a convention of cotton farmers. When recalled and asked to name some of the cotton growers at said convention, he named one cotton planter and four real estate men, all raising cotton and residing in the great city of Houston, Tex.

This evidently was a rousing overflow meeting of the "horny-handed sons of rest," who sent this gentleman 2,000 miles to

Washington to protest against these "radical" bills of HUDSPETH and CARAWAY, which seek to hamper and destroy the philanthropist, the benefactor, the guardian angel of the farmer and cotton raiser, and that would disturb their cozy nests on Wall Street and in New Orleans. Read this agriculturist's testimony on page 275 of the printed hearings and TINCER's cross-examination. It is worth your time. Any other citizen up here from the State that produces one-third of the cotton of the United States protesting against these bills? Not another soul, as I recall, but Congressman SUMNERS and myself, that hold a commission to represent a half million souls, a large portion being farmers, appeared and spoke for them.

Are the farmers of Texas with the cotton exchanges or with the producer? Let me read right here a resolution of a farmers' convention at Austin in the fall of 1917—2,500 farmer delegates—and then, my colleagues, draw your own inference:

Resolved, That we ask the reserve banks, the Comptroller of the Currency, and the State banking commissioners to cease recognizing the prices quoted by the exchanges as the value of cotton, and recognize that of the producers' organization or exchange as the minimum value, and so announce to the banks and the public in order that the values quoted on the exchanges will become in harmony with that of the producers, which would be the case immediately.

That a copy of these resolutions and preamble be sent to each of the Federal reserve banks, one to the Comptroller of the Currency at Washington, and one to each State banking commissioner of the cotton States, and it be given to the public press.

Also let me insert the bill I introduced last session and will try to pass at this session:

A bill—introduced by Mr. HUDSPETH—to prevent gambling in cotton futures and make it unlawful for any person, corporation, or association of persons to sell any contract for future delivery of any cotton within the United States, unless such seller is actually the legitimate owner of the cotton so contracted for future delivery at the time said sale or contract of sale is made.

Be it enacted, etc., That gambling or speculation as is exploited and carried on in what is commonly known as cotton exchanges in the United States is hereby prohibited, and it is hereby made unlawful for any person, corporation, or association of persons to sell any contract for future delivery of any cotton within the United States which may enter into interstate commerce, or that may be imported into the United States, unless such seller is actually the legitimate owner of the cotton so contracted for future delivery at the time such sale or contract of sale is made or reasonably expects to be.

SEC. 2. That it is hereby made unlawful for any person, firm, or corporation controlling, operating, receiving, or transmitting messages in interstate business or any telegraph company or any telephone company within the United States doing an interstate business to receive or transmit any message over its said line or lines for the future purchase, sale, or delivery of any cotton made unlawful by the first section of this act.

SEC. 3. That the president or manager of all cotton exchanges within the United States is hereby required to report at the close of each week to the Secretary of Commerce all transactions passing through or in said exchange in which he is president or manager on future contracts for the sale of cotton, and any president or manager failing to make said report under oath shall be fined in any sum not less than \$200 nor more than \$1,000 and may be imprisoned not to exceed one year, and the failure to make said report for any one week will constitute a separate offense.

SEC. 4. That any person or agent, officer, or receiver of any corporation or association of persons violating the provisions of this act shall, for each such offense, be fined in any sum not less than \$1,000 nor more than \$5,000, and in addition thereto may be imprisoned not exceeding two years.

Again, in answer to the representatives of the cotton exchanges, that they keep up the price of cotton, let me show you how they did. In March, when there was not a seed in the ground, they fixed the price of cotton at 40 cents. Mind you, this price-registering machine did not know how many acres would be planted or whether 5,000,000 bales would be raised. It encouraged the farmers to plant a big crop, paying an enormous price for labor and material to grow the crop, and the very cotton in March that these exchange pirates were selling for 40 cents a pound was on the market last fall and up to now at 8 and 10 cents, and you rarely find a buyer. Now, you stand up here on your responsibility as a Congressman and representative of a great moral people and tell me that this should continue; that it is an aid to the farmer financially, morally, or any other way on this earth?

My friends, I used to go to the "Mollie Bailey Circus" when I was a boy and see a nimble-fingered fellow with a painted wheel telling the public that he was a poor fellow, unfortunate, always loses, but had an uncontrollable love for his fellow man and taking a chance; he was just impelled to go ahead and offer you an opportunity to take everything he had. Well, I did not have quite as much sense then as I have now. I went up against him a few rounds and went back to "cow punching" at \$20 a month the next day.

It is beautiful, indeed, to hear these Raleigh and Willard Hotel farmers come up here "at my own expense," lease a suite of rooms at either hotel for \$25 per day, stay here two weeks, and sometimes roost in that gallery for a season, blood oozing at every pore for the dear old farmer back home; going before your committee and shedding briny tears, trying to convince

you that the very mention of a bill to regulate the immaculate cotton exchange causes a rigor down Uncle Reuben's back worse than a Louisiana swamp "buck aguer." I wonder how many of my colleagues have fallen for this kind of sophistry—no; I mean rot? No, gentlemen; these kind of farmers are the men, as my friend, Charlie Metcalf, a farmer with horns in his hands and corns between his toes as big as a black walnut, would say, "Are the men who farm the farmers." Now, do you understand that I would go to the extent of prohibiting the sale of all future contracts in cotton? No; not if the seller had the commodity, or had a good, genuine expectation of possessing same; that would be a legal sale, if he had it and could deliver; but that would not suit the exchange. When you cut out the gambling features, you cut off the chief source from which his revenue comes.

Now, my friends, I am no Puritan. I am not half as good as I ought to be, but gambling never benefited any human being on God's footstool except the man who "skinned" you out of your money. Now, men, if you do not know how your farmer stands on these measures, take a poll through his farm organizations or write him, and he will deal candidly with you and tell you, and I guarantee that 98 per cent of them will tell you that he does not want his business to survive through the manipulation of the gambling joint. But, sirs, in my judgment, instead of a help the exchange is a most damnable hindrance.

Now, gentlemen, let us stand up like men and vote them out. Let us say that God Almighty never intended that any industry on this earth should receive its lifeblood through the gambling hell. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. TINCER. Mr. Chairman, I make the point of order that the amendment is not germane to the bill, and the question, I think, was settled when the cotton futures act was up in this House, when an attempt was made to put an additional product in the cotton futures bill and Speaker Clark decided that it was not germane. The effect of that can very well be understood, not in this bill but in the bill originally introduced. To cover this subject I added the word "cotton." And we started at that time to consider that proposition, and there was such a conflict on the subject among the people from the cotton-growing districts that it never was settled. So it was not put in this bill, and it was not considered at all by the committee in reporting the bill out. And I think the ruling of Speaker Clark on July 16, in the Sixty-second Congress, is squarely in point.

Mr. HUDSPETH. If the inclusion of flax is germane, why not the inclusion of cotton?

Mr. TINCER. I did not make a point of order against that amendment, because there was no conflict before the committee in regard to it. The only question was whether flax was traded in in the future market. I am frank to say to you that I think it would be subject to a point of order. I think the gentleman will agree that under the rulings it would be out of order.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman's point of order comes too late, and that he has permitted this paragraph to be amended by an amendment that was out of order on the bill, and that nongermane amendment having been permitted to go in this paragraph makes in order the other nongermane amendment.

Mr. TINCER. I understand the gentleman says that if one amendment made to a bill is out of order every man is precluded from making a point of order against another amendment. If there is any such rule, I am not familiar with it.

Mr. BLANTON. It is a rule that has been upheld by distinguished gentlemen, and was invoked here by the distinguished leader, none other than Mr. JAMES R. MANN, who has made the gentleman's party what it is.

Mr. CARTER. I think what the gentleman from Texas has reference to is that the gentleman from Illinois [Mr. MANN] did offer a perfecting amendment to an amendment that had been made to a bill that was out of order, and that was held in order because it was a perfecting amendment to the amendment, although the original amendment was out of order. But this amendment here has not anything to do with perfecting the flax amendment, and therefore is not in order.

The CHAIRMAN. The Chair overrules the point of order of the gentleman from Texas [Mr. BLANTON]. The Chair desires to say that under Rule XVI, clause 7, it says:

And no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

Article 3 of Rule XXI says:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill, nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

It is clear that the amendment of the gentleman from Texas [Mr. HUDSPETH], seeking to insert the words "agricultural products" and the insertion of the word "cotton" would be in violation of the rules just quoted. Therefore the Chair sustains the point of order.

Mr. HUDSPETH. Mr. Chairman, I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. JONES of Texas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen of the committee, I wanted to say just a word with reference to a charge that was made yesterday afternoon that I do not think should pass unnoticed altogether, and that is that this bill legalizes gambling. I believe that the gentleman who made that charge, if he will read the bill carefully and study the testimony, will reach the conclusion that he was mistaken in making that charge.

Mr. BLANTON. Will the gentleman yield?

Mr. JONES of Texas. For a question.

Mr. BLANTON. If this bill is passed and the market is designated by the Secretary of Agriculture, could the gentleman, if he saw fit, go upon such market and buy a million bushels of wheat which he never expected to be delivered?

Mr. JONES of Texas. I could not. Certain conditions must be complied with, and if these rules and regulations are made as contemplated by this bill, that could not be done.

Mr. BLANTON. But after they are made and the market is designated, then the gentleman could buy a million bushels of futures. That is gambling.

Mr. JONES of Texas. I most certainly could do it now, and if the gentleman votes against this bill, he will vote for a condition that will permit me to buy a million bushels in that way. If the gentleman votes against this bill, he will vote to legitimize unlimited gambling and speculation of every kind and character. [Applause.] There is no question about that. The bill may not go as far as he thinks it ought to go, nor, in some respects, as some of us thought it ought to go, but after consideration it was the best that could be gotten, and I think this is at least a step in the right direction. It abolishes puts and calls absolutely. The man who votes against this bill will vote to continue puts and calls. You have a choice of voting for no restriction whatever or for the restrictions provided by this bill. Everything put in this bill is a restriction. In other words, if you vote against the restrictions, you vote to throw the matter wide open.

Mr. PURNELL. And a vote against this bill would be a vote favoring manipulation?

Mr. JONES of Texas. I was calling attention to that. In order to have a grain exchange to operate after this bill is passed, it must handle cash grain sufficiently to fairly reflect the market. Under the present conditions a bucket shop could operate. No bucket shop could operate under this bill, because a bucket shop does not handle cash grain. A man who votes against this bill will vote that bucket shops may continue.

Mr. KINCHELOE. Will not a vote against this bill be what the manipulators and gamblers want in their effort to defeat this bill?

Mr. JONES of Texas. Absolutely. Under this bill any exchange that is permitted to operate will be obliged to make a record of all its transactions. One of the troubles in the consideration of this bill was found to be that a man could go on a board of trade and sell millions of bushels and you could get no record of it, and therefore could not find where the legitimate transaction ended and where the gambling transaction commenced. Under this bill the record must be made. Neglect to make it would be a penitentiary offense.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES of Texas. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Texas asks for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. KING. Will the gentleman yield?

Mr. JONES of Texas. Not just now. I will in a moment.

Under the terms of this bill every transaction must be written and left open to the observation and care and supervision of the Secretary of Agriculture. Now at the end of this year we shall have information about these fellows, so that if this bill is not strong enough we can write a bill with all kinds of teeth in it. You need information in order to write that kind of a bill. You do not want to destroy legitimate trade just because we are against gambling, and I agree

with my colleague from Texas [Mr. HUDSPETH] that the gambler does not do the producer any good. But while killing the gambler you can not afford to kill the market of the producer.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. JONES of Texas. I yield for a question; a short question.

Mr. KING. Why is the gentleman, as a member of the committee, indulging in this terrorism here this morning and referring to the way Members will vote, this way or the other? Does not the gentleman know that this bill, if enacted, will increase the value of a membership on the Chicago Board of Trade and permit gambling?

Mr. JONES of Texas. I do not, Mr. Chairman.

Mr. KING. I am asking the gentleman a question.

Mr. JONES of Texas. I do not yield further, Mr. Chairman. I ask that this be not taken out of my time.

Mr. PURNELL. Mr. Chairman, will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. PURNELL. I want to say to the gentleman who suggested that that evidently the leaders on the Board of Trade of Chicago do not think so; otherwise they would not be in opposition to it.

Mr. JONES of Texas. No. They would not be in opposition to it. Now I decline to yield further.

The CHAIRMAN. The gentleman declines to yield.

Mr. JONES of Texas. Now, Mr. Chairman, under the present rules of the exchanges a cooperative farm organization can not be a member of those exchanges. Under this bill, however, they are required to take in these farm organizations and make rules permitting them to go in. Does a man want to oppose this bill and say no farm organizations or organization of farmers shall have the same right to go on a board of trade that other people have?

Now, there is another provision of the bill which in effect provides that an exchange that continues to operate must provide against the manipulation of prices by the dealers and operators upon such a board. Everyone who has studied the question knows that there is the heart of the trouble. With the present exchanges no record is made. If a man wants to buy wheat or grain, he can go in a combination with a lot of others who do not expect to deliver and thus beat down the price and then turn around and buy at a lower price. In other words, he can corner the market. But if this bill passes, that can not be done. Gentlemen, do you want to vote that that unlimited manipulation shall continue? [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McKENZIE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. McKENZIE. Mr. Chairman and gentlemen of the committee, I was born on a farm. I worked on a farm for many years. I have the honor of representing one of the greatest agricultural districts in the United States. I desire to have read in my time a short letter and telegram expressing to some extent the wishes of the farmers of the thirteenth congressional district of Illinois in regard to this bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

HON. JOHN C. MCKENZIE,
Washington, D. C.:

As a farmer and stock raiser of Whiteside County, Ill., I hereby voice my disapproval of the Tincher grain bill in its present form and respectfully request that you use your best endeavors to defeat said bill, honestly believing it will act detrimental to all grain growers should it pass.

CHAS. B. RICHMOND.

The CHAIRMAN. The letter will be read.

The Clerk read as follows:

OGLE COUNTY FARM BUREAU,
Oregon, Ill., May 7, 1921.

HON. JOHN C. MCKENZIE, M. C.,
Washington, D. C.

DEAR MR. MCKENZIE: I am taking the liberty of writing you concerning the Capper-Tincher bill, which I am informed is now pending before the House of Representatives.

At a recent meeting of the executive committee of the Ogle County Farm Bureau action was taken by said committee, and for your information, said action was against the passage of said bill.

As president of said bureau, I do not hesitate to inform you that the majority of the farmers of our country are against said bill, and if they all fully understood the effect of the same if it became a law that practically every farmer would be opposed to the same. For your further information would state that the Ogle County Farm Bureau has

not sent any representative either to the hearings held in Washington or at Springfield where the Lantz bill is under consideration.

Hoping that you will give this matter your earnest consideration, I beg to remain,

Sincerely, yours,

ROBERT ROWE,
President Ogle County Farm Bureau.

Mr. BROOKS of Illinois and Mr. TINCHER rose.

The CHAIRMAN. For what purpose does the gentleman from Kansas rise?

Mr. TINCHER. I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Kansas is recognized.

Mr. TINCHER. Mr. Chairman, I guess every member of this committee knows that since yesterday morning the small gamblers and the real manipulators in the grain trade have started the propaganda customary among the opponents of a measure like this, especially in connection with the two great Chicago institutions concerning which this Congress has been trying to legislate for a quarter of a century. They have started that propaganda every time a bill of this character comes up. I want to say to the committee that the farm bureau—the letter just read at the desk was from some little branch of it—represented by Mr. Howard and some of the ablest and best-known farmers in the organization, have, as a national organization, had this subject under consideration since last December, and have had representatives in Washington from time to time to appear before the committee, and they at their national meeting indorsed the measure that is condemned in this letter emanating from a local branch of that organization. I want to make this suggestion, that not one individual who has participated in sending the flood of telegrams that has reached this House in the last 24 hours has ever had the pleasure of reading or knowing what is in the bill they are denouncing.

It is the same old propaganda, Mr. Chairman. I knew yesterday, when a distinguished gentleman said in the morning that this bill was all right, that he was talking to beat it when he announced that it was legalizing gambling. I knew then that this sort of propaganda would immediately follow. It started yesterday. They say this bill legalizes gambling. Last night members of boards of trade that feel that they will be affected, that their gambling proceedings will be interfered with, started in to wire us that the enactment of the bill would destroy the industry of the man that produces grain.

Mr. ASWELL. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. ASWELL. Has the gentleman observed that practically all of these telegrams are couched in almost identically the same language?

Mr. TINCHER. Yes. There is a pocketful of them here. There is no distinction between them. We all have them. And we have telegrams that I am told are forgeries, because men who appeared here personally themselves and analyzed this bill and talked to us and indorsed the bill are among the apparent signers of these telegrams protesting against the enactment of the bill. A gentleman near me tells me he has a telegram, a stereotyped telegram, asserting that the bill will destroy the trade, signed by Mr. Griffin, who approved of the bill when he appeared before the committee, but said that there was an element in the trade that would object to this measure.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. TINCHER. Mr. Chairman, I ask for two minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. TINCHER. They are the people who ride in high-power cars, who never toil, who trade on the farmer's product and are enriched thereby, and, of course, they are going to protest against this proposition.

There is another feature of the bill that has not been mentioned much, and that is the feature that prohibits the circulation of false market reports and places upon the grain exchanges the responsibility of censoring those market reports and making them accurate.

There is an element among the commission men and dealers in grain who do most earnestly oppose that feature of the bill. I think myself it is one of the best features of the bill, and that is one occasion for this great tirade against the bill.

Mr. NEWTON of Minnesota. I wish to say to the gentleman that the only protests I have received refer to certain amendments that were suggested by the Secretary of Agriculture. There is no objection to the rest of the bill, so far as I can ascertain.

Mr. TINCHER. I want to refer to that amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TINCHER. I should like two minutes more.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent that his time be extended two minutes. Is there objection?

There was no objection.

Mr. TINCHER. The Secretary of Agriculture suggested changes, that in order to make absolutely sure that he could prevent manipulation he thought the exchanges in applying for designation as marketing centers should, if he required it, place a limitation upon the quantity that any one dealer might trade in. So, after consulting with men who I thought were fair representatives of the trade, knowing that the Secretary of Agriculture was familiar with the subject, and knowing the extent to which he had studied it, I agreed to that change in the bill. I think it is a good change. I think it will work good in the market. The Secretary of Agriculture understands that they are not to be restricted to any limitation that will drive out the actual dealings in the products. But the grain markets of this country have been manipulated. They were manipulated by foreigners who came to this country to buy grain, and the first thing they did was to go onto these great exchanges and reduce the price of grain by selling futures in such quantities that they were able to manipulate these deals without losing a dollar and to buy grain at the figures that they had fictitiously reduced in that way.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. NEWTON of Minnesota. I ask unanimous consent that the gentleman's time be extended two minutes.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent that the time of the gentleman from Kansas be extended two minutes. Is there objection?

There was no objection.

Mr. NEWTON of Minnesota. Then, as I understand it, the purpose of the amendment to which I have referred was to enable the Secretary of Agriculture to fix a limitation upon the amount of any single deal. Of course, during one season of the year that limitation ought to be lower than at another season of the year.

Mr. TINCHER. That is right, and it is confined to speculative deals. It does not relate to the quantity of wheat that a man can buy in actual contemplation of receiving it, but it relates purely to speculative deals, and I thought it was a good suggestion for the purpose of eliminating any possibility of manipulating the market in the way that it has been manipulated in the last few years by the foreign crowd.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. SANDERS of Indiana. I ask unanimous consent that the gentleman's time be extended three minutes.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the time of the gentleman from Kansas be extended three minutes. Is there objection?

There was no objection.

Mr. SANDERS of Indiana. I want to ask the gentleman a question. Of course, if the Secretary of Agriculture is given this power to fix the amount of grain that can be covered in one transaction, it will be akin to the power that we gave him the other day to fix the price that an association may charge for grain.

Mr. TINCHER. I do not think we gave him the right to fix the price that an association could charge for grain, and I am sure this bill does not give him the right to fix the amount of grain that anyone can purchase. This gives him the right to require an exchange to limit the amount of grain that can be dealt with on a purely speculative basis by any one man. That will prevent manipulation such as we have had in the recent past.

Mr. SANDERS of Indiana. I notice on page 5 you provide that these organizations and boards of trade shall admit cooperative associations. Is it the intention of the gentleman to admit such cooperative associations regardless of whether or not they shall be enjoined from committing the acts referred to in the bill that we passed the other day? In that bill we provided that these associations should be enjoined from charging certain prices. Must they be admitted, even if they have been enjoined?

Mr. TINCHER. No; the object is to prevent the exchanges of this country which handle grain and control the farmers' products from barring the farmers of the country from taking part in the transaction, and I do not think any right-thinking man can oppose that provision. These associations claim they have been barred from the exchanges because of the way in which they divide their own profits, which is silly in the ex-

trême, and if the exchanges had not started on that proposition I do not think they would favor it now. Some of the exchanges in the United States have abandoned that theory and have said to these farmers' organizations, "Come on, we welcome you." Some of the best exchanges in the country have done that.

Mr. SANDERS of Indiana. The gentleman has made a careful study of this bill, and in his opinion it will really benefit the farmer?

Mr. TINCHER. I think so.

Mr. RAINEY of Illinois. Mr. Chairman—

Mr. BLANTON. Mr. Chairman, I move to strike out the substitute for the section.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. RAINEY], a member of the committee.

Mr. RAINEY of Illinois. I move to strike out the last two words. The inference one would draw from the suggestions offered on this floor would be that those who favor this bill are farmers and those who are opposed to it are gamblers. Of course, the word "gambler" is a delightful word to use, because it appeals to the mob, but let me inform you that the great majority of the members of these exchanges are high-class gentlemen. Criticism has been offered against men engaged in this business sending wires to Members of the House asking that they try to prevent the passage of this bill. It has been suggested that it is criminal for a man whose business is about to be destroyed to ask somebody to come to his assistance; as a member of the Committee on Agriculture, I can say that when the farm organizations of this country are interested in any measure they have no hesitation whatsoever in wiring or writing letters, and I presume because they are farm organizations they should be blessed, and that business organizations and enterprises in the cities should be condemned for doing the same thing.

To-day I am in receipt of a great number of wires opposing passage of this bill. I want to read one in particular, from J. J. Fones, acting president of the Chicago Board of Trade, by John R. Mauff, secretary. It is as follows:

CHICAGO, ILL., May 11, 1921.

Hon. JOHN W. RAINEY:

House of Representatives, Washington, D. C.:

At a special meeting of the board of directors of the board of trade of the city of Chicago, held this day, the following resolution was unanimously adopted that—

Whereas the bill H. R. 5676, introduced by Hon. J. N. TINCHER, has been recommended out by the House Committee on Agriculture and is now before the House of Representatives, and

Whereas this is the same bill in number but not in form that was up for hearing before the House Committee on Agriculture during the week April 25 to April 30, and

Whereas the present bill in its amended form embodies degrees of control far more objectionable and greatly exceeding anything suggested at any time during said hearings, and at which the grain trade was privileged to be represented, and

Whereas the said bill as amended does provide for governmental interference in business that is bureaucratic, intolerable, impracticable, unnecessary, and destructive to the present form of marketing the surplus cereal crops through the established grain exchanges and their collateral interests and affiliations: Therefore be it

Resolved, That we do most emphatically protest against the passage of this bill, H. R. 5676, known as the Tinchier bill, in its present amended form.

J. J. FONES, Acting President.
By JOHN R. MAUFF, Secretary.

It has been said that members of the Chicago Board of Trade who attended the hearings were for this bill; the telegram suggests the bill is not the same in form passed upon at the hearings before the committee and they are opposed to it in its amended form. This suggests to me that there is not that harmonious feeling and agreement and unanimity of feeling among the members of the exchange. They have the undoubted right and, as we were led to believe, privilege to protest against any measure that is objectionable to their industry. Men whose business is about to be destroyed, which they have been building up for years, have the undoubted right to protest. Men who are recognized as friends of agriculture in this great country have every right to protest and ask Members of Congress to defeat that which, in their own minds, will destroy their industry, and I do not apologize for members on the boards of exchanges throughout the country or the Chicago Board of Trade when they try to prevent that which they think is objectionable and will ruin and destroy their business. And the passage of this bill will do the farmer more harm than good.

Mr. TINCHER. Will the gentleman yield?

Mr. RAINEY of Illinois. With great pleasure.

Mr. TINCHER. As a member of the agricultural committee, does not the gentleman know that the bill, H. R. 5676, referred to in the telegram is the same bill and has not been changed

by the dotting of an i or the crossing of a t; that it is the exact bill on which the hearings were had?

Mr. RAINEY of Illinois. I am unable to answer that.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. TINCHER. Mr. Chairman, I ask that the gentleman have another minute in which to answer a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TINCHER. Now, in the telegram the gentleman read it was signed by some one as acting president of the Chicago Board of Trade. Mr. Griffin was the president of the Chicago Board of Trade and testified before our committee, and I wondered if he was deceased or disabled and some one was acting in his place.

Mr. RAINEY of Illinois. In all likelihood Mr. Griffin may be out of town, and some one is acting president.

Mr. TINCHER. Mr. Griffin, of the Chicago Board of Trade, knows more about the bill and what is in it and what the committee contemplated doing than anyone else who did not attend the hearings.

Mr. RAINEY of Illinois. In all likelihood if he attended the hearings.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BLANTON. Mr. Chairman, there is no use in anybody getting unduly excited over the fact that I oppose some of the provisions of this bill. They are either doing certain things or not doing them. Yesterday when I asserted that this bill if passed would legalize gambling on exchanges I was only quoting the effect of what the distinguished members of the committee who are well versed in the provisions of the bill stated. Let me quote some excerpts from what the gentleman from Kansas [Mr. TINCHER] said. On page 1312 of the RECORD, he says:

I introduced a bill last December, the first day of the convening of the short session of Congress, and we had hearings upon it and others that were introduced along the same line, covering 1,070 pages of testimony, taken from the best informed men in the world, concerning these markets and concerning production. The grain exchanges came here at that time from all the market centers and fought the bill, and said that they did not want any legislation; that legislation would be ruinous to the market.

That bill limited the number of bushels that could be bought or sold in hedging.

Mr. TINCHER. Is the gentleman quoting me on that?

Mr. BLANTON. No; the reporter knows when I am quoting and when I am making my own statements. The gentleman also said:

I introduced a bill again on the first day of this session of Congress, and we began hearing witnesses favorable to legislation along this line. Much to our surprise—and I say this, I think, for every member of the Committee on Agriculture—the grain exchanges took an entirely different view of the matter than what they had taken in December.

So that we see that on this present bill the grain exchanges have turned turtle in their position. Let us see what the distinguished gentleman from Indiana [Mr. PURNELL] who is well cognizant of the subject and has been an able member of the committee, a man who knows what the evidence was in the hearings, let us see what he says about it. Mr. PURNELL on page 1318 of the RECORD in speaking of this very section 4 said yesterday in regard to the men who will make contracts on the markets to be designated by the Secretary of Agriculture:

It is of no use to call them anything other than gamblers. It is gambling. They have no wheat, no corn, no barley, no rye, no sorghum seed to sell. They have nothing to deliver. They never expect to deliver anything. They never expect to have anything delivered to them. They are speculators. They are gamblers. But for the purposes of this bill we refer to them as speculators. Speculating and gambling are synonymous terms, so far as this bill is concerned.

Mr. SNELL. Those speculators that you are describing are allowed under the provisions of this bill?

Mr. PURNELL. They are.

That is from the gentleman from Indiana [Mr. PURNELL], an able and distinguished member of the committee. [Applause.] He says there is no use of beating about the bush. There is no use of trying to camouflage the farmers on the farm that this bill is going to legalize gambling. He says they may call it speculating for expediency, but calling it speculation does not change it; he says it is gambling. They should be called gamblers, and they are gamblers, because when the distinguished gentleman from Wisconsin [Mr. VOTER] was on the floor I asked him the question, "Is it not a fact that under the provisions of this bill, after the market has been designated, could not you and I go on the market and buy a million bushels of wheat without expecting to either deliver or receive a single bushel, merely expecting to put up or receive the margin on a loss or profit?" and he said that was the case. Is that gambling?

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I will yield for the gentleman to answer that question, whether it is gambling or not.

Mr. BURTNESS. Mr. Chairman—

Mr. BLANTON. I can not yield except for the answer requested. With me it is gambling and with my farmer friends in my district it is gambling with commodities they raise out of the ground.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HUDSPETH. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HUDSPETH. Will not this bill avail anything in doing away with speculative gambling in grain futures? Is that the gentleman's position?

Mr. BLANTON. I will answer my friend.

Mr. HUDSPETH. I want to know if that is the gentleman's position, that it will do no good whatever?

Mr. BLANTON. The only good on earth it will do is to put the gambling under the inspection of the Secretary of Agriculture and make the gamblers stop gambling every day after the market closes. That is one little good.

Mr. HUDSPETH. Then, why not vote for it if it will do some good at all?

Mr. BLANTON. It permits them to gamble all they want to each day until the market closes. If you have a bill here authorizing murder to be permitted providing it was done under the supervision of some officer, why, we should, forsooth, all vote for it, because there is to be some officer to supervise it. The crime is to be committed under the supervision of a Government official, therefore all right, because legalized. I would not vote for that kind of a bill.

Mr. HUDSPETH. Suppose there is no law against murder and this law put a stop to murder to a certain extent, the gentleman would not support the bill?

Mr. BLANTON. I will state to my friend that he believes it will do some good, and I am not condemning him for supporting it. He is conscientious, I know. If I felt like he does, I would vote for it, but I do not feel like he does. If we could put a provision in this bill to limit gambling on exchanges to legitimate hedging, which the distinguished farmer from Kansas attempted to do in his first bill in the last session of Congress, but which the exchanges then fought, if you will carry out his good, honest, first purpose and intention, brought fresh from the Kansas farmers, why, I will follow him, but instead of that you have substituted therefor this present bill that the exchanges put their O. K. upon, and whenever gambling exchanges put their indorsement on a farmers' bill I say you had better look out and go slow; there is something suspicious; there is a bug under the chip.

Mr. TINCHER. The farmers are not excited over the section.

Mr. BLANTON. The gentleman from Kansas ought not to get mad because somebody points out defects in his bill.

Mr. HAUGEN. Will the gentleman yield?

Mr. BLANTON. I do.

Mr. HAUGEN. Does not the gentleman think it is safe to leave it to the discretion of the Secretary with reference to limitations as to speculation? The gentleman says he is in favor of hedging—

Mr. BLANTON. I favor hedging only to the extent of legitimate insurance. I will now further answer the question of my colleague from Texas, who is a lawyer, and the other gentleman is not. You are attempting to do something in this bill that is directly in the teeth and face of the Constitution of the United States and the oath each one of us has taken. The Constitution prevents us from destroying business institutions through taxation or doing indirectly what we can not do directly and taxing out of existence something that you can not put out of existence by law. We can stop this unlimited gambling in grain products by law, and we ought to stop it.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment to strike out the section. I do not understand the logic of my colleague, the gentleman from Texas [Mr. BLANTON]. Now, he says that the only transaction which he thinks should be permitted on these exchanges is legitimate hedge transactions, and then in the next breath he states that he wants to secure a law so as to forbid any man from trading upon an exchange who has only speculation in view—

Mr. BLANTON. Gambling, I said.

Mr. BLACK. But the gentleman's construction of gambling and speculation was synonymous, as I understood it. In my judgment there is a difference between gambling and speculation. The element of speculation attends more or less nearly every branch of trade. Now, let us see what is the real useful function of a grain exchange. Suppose we take for illustration a miller who wants to buy 10,000 bushels of actual wheat. Now, in order that he may be willing to enter into a definite contract to buy that 10,000 bushels of wheat he must have some way of financing it. Usually he does not have enough money in his own business to finance the transaction. He goes to the bank, and the bank says to him, "Before we will advance you this money you must hedge it on the grain exchange." What does he do next? He goes upon the grain exchange and sells 10,000 bushels of grain, thereby assuring against loss on the 10,000 bushels which he has bought. Suppose we should adopt the suggestion of the gentleman from Texas and allow only those to trade upon the exchange who either produce wheat or mill it. Then when the miller goes upon the exchange to sell his 10,000 bushels of wheat you would probably have nobody there who would be willing to buy it. In other words, the exchanges can only be made useful to the grain trade by keeping them so that trading will be liquid—always somebody ready to buy when some one else is ready to sell. If we confine the trading upon the exchange to those only who produce or mill the wheat we can have no liquid trading, for the minds of the miller and the producer would not always meet, and it would mean the immediate abolishment of the exchanges so far as hedging contracts were concerned. It might be possible in this manner to connect them into spot exchanges, but that question is not before us.

Mr. HARDY of Texas. Will the gentleman yield for a question?

Mr. BLACK. Yes; I yield to my friend.

Mr. HARDY of Texas. This bill worries me no little. If this bill were to stop on page 3, line 4, at the word "or," and all the rest were stricken out of the bill—

Mr. BLACK. I think it would kill the exchanges automatically and they would have to go out of business immediately.

Mr. HARDY of Texas. But it would have this effect: If it stopped there, no man could sell short, could he?

Mr. BLACK. No; or buy long, as one gentleman suggests.

Mr. HARDY of Texas. That is just the point I wanted to get at. This allows anyone who is the actual owner or who is the actual producer or prospective producer to sell his prospect or possession and allows anybody with no limitation to buy.

Mr. BLACK. Yes; that is the meaning of subdivision (a) of section 4 of the bill. Now, suppose that wheat is selling at \$1.50 a bushel and a farmer has a thousand acres in wheat. That price suits him and he wants to sell his future crop for that price. Suppose you limit the ability to buy to only the miller—

Mr. HARDY of Texas. But that section does not limit; anybody can buy from the man who has it to sell under the law.

Mr. BLACK. Yes, that is very true; but the miller will not enter into a contract to buy unless you will also permit him to sell, and he could not sell under subdivision (a) unless he was the owner of the actual property. My theory is that you can not possibly have a liquid market if you undertake either to restrict the number who can sell or the number who can buy, so long as they enter into real, enforceable contracts. Of course, I agree that these "options, privileges, puts, and calls" should be eliminated and all contracts be made of record under rules and regulations prescribed by the Secretary of Agriculture. This bill will, I think, correct some of the illegitimate transactions on the exchanges, without impairing the facility for legitimate hedge transactions. Therefore I will support it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. EVANS. Mr. Chairman and gentlemen of the committee, I wish to say that while I favor and intend to vote for this bill just as it is, it does not go quite as far as I think it ought to. But I am talking now with reference to the statement that it legalizes gambling.

Let me challenge the attention of every lawyer here that it is absolutely impossible for the Congress of the United States to make legal anything which a State has made illegal within its limits. Therefore we could not legalize gambling in grain if it was illegal in a State. There is not a single act which may be performed under the bill now under consideration which could not have been performed lawfully to-day or yesterday, and if the bill becomes a law it will not change the legal status or the validity of any of those acts. The purpose of the bill is to operate by the power of taxation, and only those things

are illegal under this bill which are violative of the taxing provision and regulations thereunder. It is framed for the purpose of permitting regulations which in the absence of compliance require stamp taxes, and the failure to put the stamp taxes on the contract may make it a criminal act. That is the fact about the case. And when any person tells you there is a legalization of the gambling they have failed to take into consideration what the present situation is.

Now, there are a good many provisions in this bill that I would like to see changed, but the chief recommendation to me is this: That it is a start by Congress to regulate that which the boards of trade, chambers of commerce, and grain speculators have always said was so subtle that legal intelligence could not handle it, and if we can start in and make a record by which they are bound—and they say they are not bound at the present time—we are in a position by which in the future we can regulate. It is my expectation that the bill that has been passed by the House permitting cooperative bargaining in connection with the plan of the committee of 17, if there is an intelligent administration of the same, will take away many, very many, of the troubles which affect the grain trade at the present time. This matter of speculation is only an incident to that trade. There are a great many that are much worse. Gamblers, or speculators, if you please, under this bill will be permitted to go on and speculate. It is said that there is going to be a limitation under this bill. Unless the Secretary is too severe, he can not limit it. You take a board of trade, or manipulators, and they will have 16 members sitting in it. You limit one. You have got 16 times to multiply in order to get the effect which they desire. And you say you are going to give under this bill the cooperative man a chance in those boards of trade. It is to be seen whether or not that is really an advantage. But this is a position which I think is worthy of our admiration and our vote, namely, we have taken control of that thing which has said heretofore that it is above the law. Every time we get a chance to put a tooth in here, let us put it in. [Applause.]

Mr. PURNELL. Mr. Chairman, I do not want to personally stand condemned or have the bill condemned by the doubtful compliment paid me by the gentleman from Texas [Mr. BLANTON]. I had not thought it was necessary up to this time to impress upon the membership of the House the fact that there is no attempt in this bill to legalize gambling. I tried in my feeble way yesterday in presenting some of the important features of this bill to set out the things we have sought to accomplish in a preliminary way.

We must remember in handling this subject that we are dealing with a marketing system of grain that has been in existence in this country for many, many years. It is thoroughly rooted; it furnishes a ready sale for the farmer's product at a time when he needs it, and to in any manner attempt to disturb that system without immediately setting up in its place something that is constructive and better means the possibility of the overthrow of our entire system.

Now, what have we done in this bill? We have not attempted to legalize gambling. We do not legalize it. And certainly by the various provisions which we have set out in this bill we have attempted to curb some of the greater gambling speculations. What is the greatest gambling proposition indulged in on the boards of trade? It is manipulation, the concerted buying of large quantities by individuals or by corporations that has for its purpose the bringing down the prices of the farmers' products or unduly raising them, as the case may be. That is manipulation. We set out in the beginning to put an end to it. I said yesterday that when I got into the study of this measure I found that we could not abruptly shut off speculation, and I did frankly say on the floor that, as far as I am concerned, there is little or no difference between speculation and gambling. I do not know, and no one can look into the minds of people and tell, whether they intend actual delivery of grain or not. Neither can the Secretary of Agriculture.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. PURNELL. Not just now. Neither can you draft a bill that will define speculation. But I did say yesterday, and I want to repeat it to-day, that you can not take speculative trading out of our present system without tearing down the whole system. Why? Because the farmer, and particularly the small farmer—and he is in my district and he is your district—who needs a ready sale for his products must, when he has 5,000 or 10,000 bushels of grain to sell, sell that grain at a good price. He can not do it if you wait until some man comes upon the market who actually wants his 5,000 or 10,000 bushels. Then, what happens? Here is what happens: The elevator man says to the farmer who must sell his corn, the man who must have

money with which to pay notes and taxes and help, "I will take your 10,000 bushels of grain and I will pay you 60 cents per bushel," or whatever the market price is.

Now, the elevator man has not the money to carry that transaction until he can dispose of the grain. He must of necessity protect himself, and so immediately, when he buys 10,000 bushels, he sells on some board of trade an equal amount at the same price.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. PURNELL. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. PURNELL. So if the price of the 5,000 or 10,000 bushels goes up or down, it makes no difference to that elevator man who has furnished the market to the farmer. If the farmer brings in the 5,000 or 10,000 bushels, the elevator man immediately closes his hedge on the board of trade. Let us see who has been hurt or helped by that transaction. My friend from Texas calls that gambling. I call it, in more polite language, speculation. But I said yesterday, and I repeat to-day, it may or it may not be gambling.

Mr. BURTNESSE. Mr. Chairman—

Mr. PURNELL. I can not yield.

Who is helped by that transaction? I find that my farmer is helped by it, and for these two reasons: First, because he is furnished a ready market for his product at a time when he needs to sell it, and, second, because he has got the very highest price that he could get. Why has he received the highest price that he could get? I will tell you why. It is because the elevator man, who paid him 60 cents per bushel, which was the top-notch price on that day, was able to pay the 60 cents a bushel because he protected himself against a loss by selling a hedge.

Now, suppose you take the hedge away. Suppose you take this element of speculation or gambling out of it—and I do not approve of gambling. Suppose you take that element out of the transaction. Can the elevator man still pay 60 cents per bushel? No. You take away from him the right to hedge and sell 10,000 bushels on the Chicago market to protect himself, and you will find a wider spread in the market. The elevator man will say, "I can not give you the 60 cents. I may not be able to sell this wheat for six weeks or two months. I will give you 50 cents. I can not afford to carry the risk. I do not know what I will get for it two weeks from now."

So I say, although it may have some evils in it, although it may have some features of gambling in it, at the same time we can not wipe it out without making the whole system fall, and in that event the producers of the country, who profit by the transaction, will suffer in the long run. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HARDY of Texas. Mr. Chairman, I wish to ask unanimous consent to proceed for five minutes. I have not discussed this bill at all as yet.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five minutes. Is there objection? There was no objection.

Mr. HARDY of Texas. Mr. Chairman, I want to confess, to begin with, what all of us might as well confess, and that is that this is a very difficult subject. I certainly agree with the gentleman who last spoke [Mr. PURNELL], that every speculation is a gamble, and that all business is a gamble to a larger or smaller extent.

But I want to say with reference to this bill that we first ought to know what we want to do. Do we want to prohibit selling short? Is that the vice of future trading? Is that the evil of this gambling in grain on the board of trade? Do we believe that selling short is a means used to depress prices, and do we want to prohibit selling short to depress prices? If we want to prevent it, we can do so without prohibiting hedging under section 4, subsection (a), of this bill. A farmer can sell the actual grain to any buyer. No man need be prohibited from buying or from selling what he has bought. If you will take this bill and turn over to section 4, imposing a tax, and then look at subsection (a), you will see that the provisions of that section will not tax a sale when the seller is a farmer or a prospective grower and sells only what he has or is growing. If he is a farmer having a commodity, or the grower, or the prospective owner or grower, or renter of land on which it is to be grown, he may sell what he has or expects to have. The grain elevator buying from the farmer may turn around without any prohibition and sell what he has bought, but when you follow that with subsection (b), which provides that the Sec-

retary of Agriculture may designate certain markets and in those markets men may sell short, then have you not done away with all the limitations in the bill? [Applause.]

The question with me is this: Do we want to stop selling short, which is not only gambling but which can be used as an instrument to depress the price of the commodity owned by the farmer, giving the farmer the right to sell, and giving anybody the right to buy upon the exchange, so that the actual possessor of the commodity may find a buyer? You get that if you stop on line 3 of page 3 with the word "or."

Frankly, I confess it is a puzzle. I confess to some misgiving, but I do believe that this bill starts in the right direction. Even though it does not go as far as I suggest, it will give us facts in the future upon which to base maturer and possibly wiser legislation. If the country must needs depend for its market upon the speculative or gambling right of any individual to sell short by millions of bushels, then the rest of the section is necessary, because it will let individuals in these market places established by the Secretary of Agriculture deal unlimitedly. I know it declares the Secretary may limit the sales of any individual, but if I am allowed to sell only half a million bushels I can sell half a million in my own name and sell another half million in the name of another individual. You can not quantitatively limit my right to sell or to buy. If you give me the right to buy or sell in limited quantity, I will use dummies to make it unlimited.

I am frank to say that we ought to hesitate before we break a system which has been firmly established, which has been here for years, and which Congress has not yet found a way to handle, and which many honest men think it would be harmful to abolish. But if I should vote in accordance with my present understanding of the situation I would vote to strike out all after the word "or" on page 3, and try it. [Applause.] Let us see if an absolute prohibition against selling short will destroy this country or not. Let anybody sell all that they have or have bona fide contracts to buy. Let anybody buy anything that is actually offered for sale, but do not let a man sell short 10,000,000—that is, 10,000,000 more than he has or has honestly contracted to buy—and that is what he can do, I am afraid, under this bill; that is, provided he sells it in some market place designated by the Secretary of Agriculture.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. CHINDBLOM. The gentleman says that we might try it out and see if it ruins the country or not. If it does ruin the country, then where are you?

Mr. HARDY of Texas. Then I am in a bad fix. [Laughter.] But I do not believe it will injure the country to prohibit a man from selling short.

Mr. CHINDBLOM. Would it injure the country to break up the exchanges?

Mr. HARDY of Texas. Would it break them up? If everybody has the right to buy all that I or you or any man has, is that going to break up the exchanges? That is the question. I am willing to vote for this bill as it is, but if I had my way I would perfect it in the way I have suggested. I can not believe that the welfare of the grain grower is unavoidably linked with a vice that seizes hundreds and thousands of men every year and plunges them to destruction by its gambling allurements; that enriches every year hundreds or thousands of other men who have earned nothing; and that may spread its baleful influence by depressing artificially the price of every bushel of wheat grown by the farmer. I hardly think this bill will accomplish much, but it may lead to something.

Mr. GENSMAN. Mr. Chairman, I ask unanimous consent to address the House for five minutes.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent to address the House for five minutes. Is there objection?

There was no objection.

Mr. GENSMAN. Mr. Chairman, back in 1890, or about that year, when I was a boy, a man was running for Congress; his name was Jerry Simpson. He promised that he would introduce a bill in Congress that would stop gambling in agricultural products. Thirty years after that time a gentleman from the same district that Jerry Simpson came from in the State of Kansas, by the name of Mr. TINCER, made the same promise to his constituency, and that promise, gentlemen, is being fulfilled by him here to-day, and it is my desire and hope that the bill of the committee will pass. I assure you that it has my hearty support.

It is very unfortunate in my estimation that those who represent the cotton farmer have not been able to agree as to the extent of the proposed regulation, and have not been able to appear before the Committee on Agriculture with something

definite along the lines of further regulating what I consider one of the most harmful things that the farmer has to contend with.

I have not had the benefit of hearing the debates on this subject in the former sessions of Congress, or being a party to the hearings before the Committee on Agriculture, but I have had the benefit of the advice of the boys down at the forks of the creek. So far as they are concerned, I believe that a very large majority of them advocate the regulating and even the absolute prohibition of gambling in futures, as contemplated by the bill, which, as I understand it, does not destroy what is known on the board as the "hedge." I realize that the buyer is compelled to protect his purchases by the use of the hedge; but, as I understand it, the bill does not hamper that feature of the exchange.

This is a time when the Congress has had the best opportunity to fully realize the effect of grain and cotton gambling. For quite a period prior to last August the exchanges were closed. Prices of farm products did not fluctuate to any great extent during that time. It seemed that the law of supply and demand regulated the prices entirely. As soon as the exchanges were opened the market again became very active and violent fluctuations were an everyday occurrence. No one can deny that this activity was brought about by the fact that that form of speculation had been revived. The argument to the effect that the producer is not hurt, in view of the fact that he is just as likely to get more than his crops are worth as he is to get less than they are worth, is all wrong. The farmer, and especially the southwestern farmer, does not care to gamble with his crop nor to have anyone else do so. It is too serious a matter with him. I might say that his crop is too sacred to him, if you will permit that expression, for him to take chances. Upon his crops rests the question whether or not he will be able in the fall to send his son, who is just out of the local school, to the agricultural and mechanical college, or, perchance, his daughter to the normal school; or, possibly, the indulging of himself and his family in one of the luxuries of life, a Ford car, which he and his family have so well merited by a summer of hard work; or an extra dress or an extra piece of finery or a piano for his wife.

The farmer does not want the best of it; neither does he want the worst of it. He does not want more than his crop is worth as regulated by the law of supply and demand. He is not asking something for nothing. All he wants is a fair and square deal and a price for his products not regulated by a bunch of gamblers, but by the law of supply and demand; and it shall always be my endeavor while a Member of this House to see to it, as far as I am able, that he gets it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 3. That in addition to the taxes now imposed by law there is hereby levied a tax of 20 cents a bushel on every bushel involved in such transactions, upon each and every privilege or option for a contract either of purchase or sale of grain, intending hereby to tax the transactions known to the trade as "privileges," "bids," "offers," "puts and calls," "indemnities," or "ups and downs."

Mr. CABLE. Mr. Chairman, I offer a substitute for this section.

The CHAIRMAN (Mr. STAFFORD). The gentleman from Ohio offers a substitute, which the Clerk will read.

The Clerk read as follows:

Amendment offered by Mr. CABLE: Page 2, line 12, strike out section 3, and insert, in lieu thereof, the following:

"SEC. 3. That it shall be unlawful, by means of telephone or telegraph lines, wires, or other means of communication extending from one State to another or to foreign countries, to make or offer to make or assist in making any contract respecting the purchase or sale either upon credit or margin of any grain, not intending the actual bona fide receipt or delivery of any such grain, but intending a settlement of such contract based upon the difference of the public market quotation of prices made on any board of trade or exchange upon which such grain is dealt in, and without intending a bona fide purchase or sale of the same."

Mr. SANDERS of Indiana. Mr. Chairman, I reserve a point of order against the amendment.

Mr. CHINDBLOM. Mr. Chairman, I reserve a point of order.

Mr. TINCER. I make the point of order that the amendment is not germane.

Mr. CABLE. I will ask the gentleman from Kansas to reserve his point of order.

Mr. TINCER. I reserve the point of order.

Mr. KINCHELOE. Mr. Chairman, I want to reserve a point of order. I do not want to have to make it now. I believe in fair discussion of this bill. I think everybody ought to have an opportunity to be heard.

The CHAIRMAN. Does the gentleman make the point of order.

Mr. KINCHELOE. I am just leading up to that, if the Chair will indulge me.

Mr. CABLE. I do not want the gentleman to talk in my time. Mr. KINCHELOE. Then I make the point of order.

The CHAIRMAN. What is the point of order of the gentleman from Kentucky?

Mr. KINCHELOE. That it is not germane to the section in any way at all.

Mr. CABLE. I should like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. CABLE. Mr. Chairman, if this bill will be of any benefit to the people in reducing the price of food, it ought to be supported.

Mr. KINCHELOE. I make the point of order that the gentleman is not addressing himself to the point of order.

The CHAIRMAN. The gentleman has a right to explain his amendment in connection with a statement on the point of order.

Mr. CABLE. If it will benefit the farmer, it ought to be supported. But the only reason why this bill was reported out by the committee is because the committee claims it will absolutely wipe out of existence the practice of puts and calls, ups and downs, and indemnities. In other words, the bill is for one purpose, and that is to abolish grain gambling. Now, with reference to this section, the bill in effect proposes that anybody who intends to gamble or who does gamble in grain shall come to the Secretary of Agriculture and say, "I am a gambler, and I desire to pay 20 cents on every bushel involved in such transactions." Everybody here knows that no one will come in and admit that he is a gambler. Therefore this bill, purporting to be for revenue, is of no effect for this purpose, because if a man fails to pay the 20 cents a bushel there is no criminal prosecution under the act. If the committee will turn to section 8, which attempts to provide a punishment for the violation of this law, they will read that only violations of sections 4 and 5 are made crimes. If a person violates section 4 or section 5, he may be prosecuted, but by section 3 he is specifically exempted. In other words, a man can gamble by puts and calls, ups and downs, and if he does not pay 20 cents a bushel nothing can be done with him.

The committee seeks by this bill to do indirectly that which can be done directly by my amendment, namely, prevent gambling in grain.

The CHAIRMAN (Mr. STAFFORD). The bill under consideration has for its purpose the regulation of boards of trade dealing in grain under a governmental license by means of the taxing power. The substitute offered by the gentleman from Ohio, instead of licensing boards of trade to carry on their dealings, would absolutely forbid all transactions of the character referred to in the bill that are authorized under certain conditions and limitations. Under the general rule of the House relating to germaneness, as found in Rule XVI, without referring to clause 3, Rule XXI, which still further limits the privilege of amendment on revenue bills, which this is, this amendment would be excluded because it is extraneous to that which is under consideration by the committee. It involves an entirely different subject for consideration than that in the bill under consideration. The bill provides for licensing under the taxation power of Congress; the amendment is to prohibit entirely under the commerce clause. It is clearly a different proposal, and therefore without resorting to the strict rule found in Rule XXI that on revenue bills an amendment must be germane, not only to the subject matter but to the item under consideration, the Chair believes that it is not germane under the ban of the general rule, and therefore sustains the point of order.

Mr. GRIFFIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 14, strike out the word "such" and, after the word "transaction," strike out the comma, and, in line 16, strike out the words "intending hereby to tax the transactions known to the trade as 'privileges,' 'bids,' 'offers,' 'puts and calls,' 'indemnities,' or 'ups and downs.'"

Mr. GRIFFIN. Mr. Chairman, I am heartily in favor of this bill. Representing a constituency in the city of New York devoted principally to manufacturing and most of whom are consumers, I feel bound to welcome any move in the direction of abolishing gambling in foodstuffs. My only doubt in regard to the measure at all is that it does not go far enough. I wish that the committee had gone to the extent of prohibiting gambling of all kinds, not only in foodstuffs but in all the necessities of life. [Applause.]

The people of the great cities ought to be brought closer to the farm. That is the defect in our present economic situation. They are kept apart by gamblers and manipulators, and this

bill ought to be welcomed by every man who has the interest of his country at heart. Its purpose, its avowed purpose, is to stop gambling in foodstuffs, and I do not care whether it goes far enough or not, or whether it may ultimately be found to fail or not, but it seems to be a sincere effort in the right direction. To my mind it is sufficient for the present if it puts on record the Members of this House as being in favor of the abolition of gambling in foodstuffs. My amendment is directed to the clarification of the section. You will notice in line 14 that you have the term "such"—such transactions—and the term "such" naturally implies an antecedent. Now, there is no antecedent in the bill prior to the words "such transactions," and one is utterly at a loss to understand what transactions are meant until you get down to line 16, where the bill drafter has endeavored to correct the error, or style at least, by saying "intending hereby to tax the transactions known to the trade," and so forth. With all due deference I consider that to be rather awkward and it makes the paragraph ambiguous, and I hope that my amendment will be accepted by the committee.

Mr. BURTNESS. Mr. Chairman, I offer a substitute.

Mr. GRIFFIN. Mr. Chairman, I ask that the consideration of my amendment be reserved until later in consideration of the bill.

The CHAIRMAN. The Chair declines to entertain that request, as it is in violation of the rules of the House.

Mr. BURTNESS. Mr. Chairman, I offer the substitute. The Clerk read as follows:

On page 2, lines 13 and 14, strike out "of 20 cents a bushel on every bushel involved in such transactions." Also strike out the comma following the word "transactions" and insert in lieu thereof "of 20 cents a bushel on each bushel involved therein."

Mr. BURTNESS. Mr. Chairman, the purpose of offering the amendment is the same purpose as that of the gentleman from New York. He, however, has pointed out one defect in the wording as it now exists, in that there is no antecedent to the phrase "such transactions." I believe the wording is subject to other objections. For instance, as you read the section in the reported bill, "there is hereby levied a tax of 20 cents a bushel on every bushel involved in such transactions." Then you have a comma, and then you start out "upon every privilege or option for a contract either of purchase or sale of grain." I submit that the language is at least ambiguous, that you do not know whether the tax is intended to be upon the bushel or upon the transaction, whether it is intended that you should tax a certain number of bushels in the first instance and again tax the transaction. Perhaps the section would be plainer if the comma had been omitted, because it is evidently the intent that the tax should be on the transaction itself, on the illegitimate or illegal transaction, and that the amount of tax shall be determined by the number of bushels involved in the transaction.

Mr. TINCHER. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. TINCHER. Does the gentleman know that under existing law there are certain taxes levied on these transactions?

Mr. BURTNESS. But that is not the point. That tax is upon the contract to sell the grain. Here in this case under section 3 the tax is upon the transaction as a put or call.

Mr. KINCHELOE. If the gentleman will yield, it is clear to the gentleman's mind that the words antecedent "to such transactions" refer solely to a transaction in grain upon which there is already an existing tax, and that is what we are trying to remedy. I think it is absolutely clear.

Mr. BURTNESS. In that case you should eliminate the comma following the word "transactions," as you are now proceeding to tax something new, something that has never been taxed before, to wit, puts and calls, and in order to tax a put and call you have to make it plain you are doing so. Now, I do not know of any case, but if there is a transaction where there is a tax on at the present time, that is to be considered.

Mr. TINCHER. There is a tax on puts and calls now, and the representatives of the exchanges say it yields a considerable revenue to the Government and a considerable profit to the institutions, so if the gentleman is basing his remarks on the fact that there is not any tax the section relates to that very proposition.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURTNESS. I ask that my time be extended five minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. HARDY of Colorado. Will the gentleman read his amendment again?

The CHAIRMAN. Without objection, the amendment will be again reported.

There was no objection.

The amendment was again reported.

Mr. BURTNESS. If a former tax existed, it will still exist. I do not know whether the taxes referred to are taxes upon income or revenue, or whatever they are, but surely there must be some change made in the section if it is going to be made plain.

Mr. PURNELL. Mr. Chairman, I want to offer an amendment as an amendment to the substitute. Is it in order?

The CHAIRMAN. An amendment to the substitute will be in order if it is an amendment.

Mr. PURNELL. If I may have the indulgence of the Chair, I desire to offer this amendment. I think the language sought to be included is perfectly proper, and in addition to that I want to set forth one other defect in section 3 that was pointed out by the gentleman from Wisconsin [Mr. COOPER]. I offer this amendment. Page 2, line 14, after the word "involved," strike out "in such transactions" and insert "whether the actual commodity is intended to be delivered or only nominally referred to," so that the section as amended would read:

That in addition to the taxes now imposed by law there is hereby levied a tax of 20 cents a bushel on every bushel involved therein—

I do not believe I inserted the word "therein"—

whether the actual commodity is intended to be delivered or only nominally referred to.

The CHAIRMAN. The Chair will state to the gentleman from Indiana that the legislative situation does not permit at this time the offering of his amendment. The gentleman from New York [Mr. GRIFFIN] offered an amendment. The gentleman from North Dakota offered a substitute. The gentleman's amendment is not an amendment to the substitute. If the amendment of the gentleman from North Dakota be defeated, then the gentleman's amendment will be in order.

Mr. BURTNESS. May I make a suggestion? I ask unanimous consent that the wording suggested by the gentleman from Indiana commencing with the words "whether intended for delivery," and so forth, may be added to the substitute which I have offered following the word "therein." I think that will cover the situation absolutely.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to modify his substitute in the manner indicated. Is there objection?

Mr. PURNELL. Reserving the right to object, does the gentleman include in that the additional words which were read "or only nominally referred to"?

Mr. BURTNESS. Yes.

Mr. PURNELL. Whether the actual commodity is to be delivered or only nominally referred to.

Mr. BURTNESS. Exactly.

Mr. PURNELL. That will accomplish the purpose and clear up the whole situation.

The CHAIRMAN. The gentleman asks unanimous consent to modify his amendment as indicated. Is there objection? The substitute amendment will be read for information.

The Clerk read as follows:

Page 2, lines 13 and 14, strike out "of 20 cents a bushel on every bushel involved in such transactions"; also strike out the comma following the word "transactions," and insert in lieu thereof the following: "amounting to 20 cents per bushel on each bushel involved therein, whether the actual commodity is intended to be delivered or only nominally referred to," so that the paragraph will read:

"That in addition to the taxes now imposed by law there is hereby levied a tax amounting to 20 cents per bushel on each bushel involved therein, whether the actual commodity is intended to be delivered or only nominally referred to upon each and every privilege or option"—

And so forth.

Mr. BURTNESS. The clause commencing "whether" should, of course, be set off with a comma.

The CHAIRMAN. Is there objection to the request that the amendment be modified? [After a pause.] The Chair hears none. The Clerk will report the amendment of the gentleman from North Dakota as modified.

Mr. GRIFFIN. Mr. Chairman, I wish to accept the amendment.

The CHAIRMAN. The gentleman from New York asks unanimous consent to withdraw his amendment. Is there objection? [After a pause.] The Chair hears none.

Mr. GREEN of Iowa. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. GREEN of Iowa. To discuss the amendment.

The CHAIRMAN. The amendment has not yet been reported, but was only read for information. The Clerk will now report the amendment.

The Clerk read as follows:

Page 2, lines 13 and 14, strike out "of 20 cents a bushel on every bushel involved in such transactions"; also strike out the comma following the word "transactions," and insert in lieu thereof the following: "amounting to 20 cents per bushel on each bushel involved therein, whether the actual commodity is intended to be delivered or only nominally referred to."

Mr. GREEN of Iowa. Mr. Chairman, there has been some reference made to the taxes which are already made upon the sales of produce on the exchanges. There is a tax imposed now by law amounting to 2 cents on each \$100 of the transaction, or, in other words, two one-hundredths of 1 per cent. But, of course, that applies only to actual sales, and it is evidenced, as I remember the law, by a stamp tax placed on the bill of sale. Whether the amendment would harmonize with that provision or not, I can not say, because that provision of the law as it now stands does not tax anything but actual transactions. I believe the tax in the bill was intended to be in addition to those provided by law.

While I am on my feet, Mr. Chairman, I would like to say one word with reference to the committee jurisdiction of this bill. This bill would properly come before the Ways and Means Committee, but the Ways and Means Committee is altogether too busy at this time to take charge of it. Had it been referred to that committee, it would simply have delayed its passage.

The Ways and Means Committee waived its right to consider this bill in order that speedy action might be taken upon it, but this waiver should not be treated as an admission that under the rules the bill should not be referred to it.

Mr. BLAND of Indiana. Mr. Chairman, I rise in support of the amendment. I would like to ask unanimous consent to extend and revise my remarks in the Record.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BLAND of Indiana. Mr. Chairman, since I first began to study this bill I have had very great misgivings as to whether it will accomplish the purpose it is intended to accomplish. In fact, at times I have felt it might do more harm than good, and I know I share the feeling of a great many of my colleagues, who have at times been fearful that it might react in some way to the detriment of the producer, and this is certainly the result none of us would desire. What we hope to do by this bill is to prevent the gambling in grains, which so frequently beats down the price of the product of the farm so that the producer does not get adequate returns for his labor and investment.

I am not on the Agriculture Committee, I have not heard the testimony of the great array of able witnesses who appeared before the committee in favor of this bill, nor am I familiar with their line of reasoning in arriving at the conclusion that this bill, worded as it is, will accomplish the desired purpose. I have given the matter some thought, because no one can represent an agricultural community, as I do, without coming in contact with men who rightfully and very earnestly protest against the heartless board-of-trade gambling, which frequently brings about their great financial losses.

I will say, however, that during my experience in Congress I do not recall seeing more unanimity of opinion supporting any bill than there is in the instance before us. This particular piece of legislation has been indorsed by practically every organization interested in the production of grain. The National Grange, the Farmers' Union, the American Farm Bureau, as well as various well-informed citizens representing the consuming public, and also the Secretary of Agriculture, all demand the passage of this bill. I believe every member of the Agriculture Committee favors this bill, and I know of no Member of Congress who opposes it. Hoping it will do no harm and that some beneficial results may flow from it to the much-discouraged producers of grain, I shall heartily support it.

And in this connection, Mr. Chairman, I think it proper at this time to touch upon other subjects in which the farmers and producers of agricultural products are very much interested. I am in close touch with the agricultural interests of my district, not only by receiving letters, petitions, and memorials from them, but I frequently take occasion to talk over with some of them the problems that confront them.

During the war most of the producers of agricultural products made money. They did not roll in luxury like some classes of people, because the prices of most of the things they produced in some sections of the country were regulated as a war necessity. When the war was over the demand for the enormous production, which the war had stimulated, soon began to diminish. On account of the impoverished condition of the people of the Old World and the great difference in exchange rates between their countries and ours they were prevented to a great extent from purchasing our food products. Production began to

increase in the Old World and they have managed to get along without so much of the products of the American farm. There are countries, however, that are producing at low cost live stock, grain, and other agricultural products in great quantities which are seeking our higher priced markets for the sale of the same.

Last year we imported 37,000,000 bushels of wheat at \$2.02 per bushel. At the same time we exported 191,000,000 bushels at \$2.68 a bushel. I do not have the time to explain how this condition was brought about, but these are facts verified by the official Government records. Every pound of flour ground from this wheat took the place of American produced flour and American produced wheat. It did not lower the price of bread, because the miller figured the price of his flour upon the price of the wheat that was being exported. Farm organizations have been complaining bitterly because of the importation of farm products at a time when they were in such desperate straits themselves. This Congress has listened to their complaints and has recently passed an emergency tariff bill designed to protect them temporarily until a general tariff law can be enacted.

In the meantime the farmer is being propagated to the effect that the emergency tariff is "bunkum," because they say we export farm products. The farmer does not know oftentimes whether to believe that this law is beneficial to him or not. This kind of false propaganda destroys confidence in the future of American agriculture and hurts the business generally.

We recently passed a bill, and I heartily supported it, giving new life to the War Finance Corporation. This was also demanded by the farming interests on the theory that it would loosen up the money markets of the world and afford them a better market for their products.

I also supported, during last Congress, measures designed to liberalize the farm loan law and to give the farm loan banks more Government funds so that those who had made investments, or desired to make investments, could borrow money at a cheap rate on long terms.

I also supported a measure during the last Congress, which, to my way of thinking, was one of the most radical and unusual pieces of legislation that has been passed in many years, and I assure you that nothing less than the most unfortunate financial plight of the farmers of the country could have induced me to have departed from my general rules and principles so far as to have supported this law. The bill I have in mind is the Volstead Farm Act. It specifically authorized producers of farm products, stock raisers, and fruit growers to combine for the purpose of collectively selling, pooling their interest, and so forth, without the same being in violation of the Sherman anti-trust law. Ordinarily, it is a very dangerous practice to give certain classes exemption from laws that are wholesome, but I think most men familiar with the subject will agree that the producer of these products is usually at the mercy of the stock-exchange gambler, the commission man, and the middleman, as well as the retailer, and unless he had certain privileges given him he can not adequately protect himself. I am glad to see that the producers under this law are getting together and demanding fair prices for the things they produce and are trying to emancipate themselves from the horde of greedy parasites that fatten upon their products before they reach the consumer.

The other day, before an important committee of this House, a sheep grower testified he shipped a carload of lambs from the Middle West to New York City and that not long after he had shipped them he received a statement from his commission men in New York City demanding 70 cents to complete the payment of the freight and commission charges. In other words, he produced the lambs, shipped them, and was 70 cents worse off than nothing. If you will figure the price the average retail meat dealer asks for pork or beef or mutton, you can readily see that the present market price of live stock is entirely too low. If you ask the packer about it, he quotes you a very low price at which he sold it to the retailer. I, of course, understand that freight rates are very high, but the freight on a pound of pork is certainly not very much. A half pound of meat down here in this city at a restaurant will cost you from 90 cents to \$1.50. The producer did not get more than 9 cents for it. In one county in my district a farmer constituent sold a calf to a butcher with the understanding that he would buy back one quarter of the calf. The price of the calf was agreed upon but nothing was said about the price of the quarter. When he took the quarter, he owed the butcher \$1.65. Thus we see food products sold at a price by the producer that discourages production, while the consumer is required to pay so much that dissatisfaction and discontent prevails over the country on account of the high cost of living.

Anyone familiar with the facts will have to agree that this condition is not one that will readily yield to legislative effort.

You can not legislate prices successfully in peace times. We can give the producer helpful legislation, and I know the sentiment of this Congress is in favor of doing so. Representatives of the various classes of producers have been before Congress repeatedly, but admit their inability to suggest legislation that will cure the difficulty and most of them will admit frankly that a large part of the present deplorable condition is due to economic causes arising from the war that time alone can cure. The representatives of the agricultural interests are here now asking us to pass a bill creating a commission to investigate and report conditions to Congress with specific recommendations as to what Congress can do to help them. I shall gladly support such a measure. Agriculture is the foundation of all of our national wealth and greatness and we must do everything humanly possible to see that it prospers.

Another thing we can do, gentlemen, and I believe we will soon do it, and that is to, in some manner, bring about a reduction of freight rates. They are entirely too high and it is very injurious, not only to the farmer but to the producer of every kind of manufactured wealth. I have insisted all along that the railroad rate fixers were cutting off their own noses when they boosted freight rates to their present alarming height. I do not think they obtain as much revenue in the aggregate from the present excessive high rates as they would receive if the rates were lower. The producers of southern vegetables and fruits at this hour are refusing to ship to the North in many instances for the reason that frequently they do not obtain enough for their produce to pay the freight charges.

I have in my district one of the greatest watermelon and cantaloupe producing sections of the United States, and of the world, for that matter. It is, indeed, a very extensive business and much money is invested in it. The season for transporting these products to the city market is about here. They know and I know that the probabilities are that for most of their crops sold in distant markets they will not receive sufficient returns to pay the freight. We can not hope for this kind of production to go on if this condition prevails. The railroad therefore loses its customers and the consuming public loses the product and the cost of living increases.

I notice in the morning paper that some railroad magnate has testified before the Senate investigating committee that freight rates are not too high and that a reduction of them would not increase their revenues as a whole; but I, for one, do not believe him. I realize that the operating expenses of the railroads at present are more than their income and that with this condition prevailing railroads can not be run efficiently, the public can not have good service, and that no additional railroads will be built. The operating expenses must be cut and their freight business must be increased, and I am prepared to support any reasonable measure that will fairly and honestly bring about this result.

The farmers in my district are organizing and are informing themselves on things important to their industry, and it is a good sign of the times. I know, however, that they are being furnished a great amount of misinformation and probably are being demagogued and propagandized from a great many sources. I have had several petitions from members of farm organizations, coming from the different sections of my district, which I am satisfied were prepared many hundreds of miles from the district, proposing certain things that many of the signers, had they stopped to think about it at all, in no sense believe in. Some of my farmers have petitioned me to put a tariff on farm products, others have told me they did not need any tariff and that protection to farm products was pure bunk. Some of them have insisted upon a tariff on farm products, but that no tariff be levied upon the things they have to buy; in other words, they favored surrendering the markets of our manufactured products to the cheaper products of the Old World, leaving our toilers who work in the factories, mines, and the mills without a job, and thus cease to become consumers of our farm products.

Now, my friends, our citizenship should be taught that America possesses the greatest natural wealth in practically all things of any nation of the world. We can produce practically everything we need. The protection of it means the production and consumption of it at home. This great production and consumption and the sale of our surplus abroad means our prosperity and happiness. We must not permit one class to try to exterminate the other. We must all live together and patronize each other. Our markets for everything are the best and greatest markets in the world. We have the highest standard of citizenship, the best fed, best clothed, and best educated people as a nation in the world. We must jealously guard these blessings for ourselves and our posterity.

Northern men in Congress must vote to protect the products of the South and the South should stand for needed legislation

in the North. The northeastern manufacturer, notwithstanding the recent attitude of New England Members of Congress, dares not crush the producer of the West and Middle West without destroying the market for his product.

It is no unusual thing for a Member of Congress to get up here on the floor of the House and contend for protection and remedial legislation for his particular class of constituents and then deny all other districts the same privilege. It is a short-sighted policy, and the fellow who pursues it, in my judgment, will not last long in public favor.

The bill we are passing to-day, gentlemen, comes to us from the Agriculture Committee, with the following recommendation:

This measure will absolutely wipe out of existence the practice of "puts" and "calls," "ups" and "downs," and "indemnities." And while it will not abolish speculation, or what is known to the trade as the "legitimate hedge," it will absolutely destroy manipulation, and it will make for uniformity among all markets.

I sincerely hope it may bring about these desired results, because we see frequently the pernicious effect of the activities of the speculative gambler on the grain market. Usually he does not receive or deliver a bushel of grain, nor has he any interest whatever in the success or failure of the man who produces it. His transaction is a cold-blooded one, and he remorselessly beats the price up or down, depending upon conditions, in order to reap a harvest of unearned wealth.

Some have suggested that the grain stock market affords the market for the farmer and fixes him a price he could not otherwise have and that this act may destroy the market-fixing qualities of the stock exchange system. I am not sufficiently an expert on the question to say whether it will or will not. Those most vitally interested in the question and those demanding the passage of this bill think that it will not have that result. I am told that the producers of coal in the United States are to-day trying to establish an exchange where the price of coal will be regulated, to the end that they may have a market-fixing medium. If they get this exchange established and the coal gambler does to the coal operator what the grain gamblers have frequently done to the farmer I believe they will regret encouraging the existence of such an institution.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. BURNETT].

Mr. COOPER of Wisconsin. Mr. Chairman, I would like to have that reported once more.

The CHAIRMAN. Without objection, the amendment will be again reported.

Mr. SANDERS of Indiana. I wonder if we could not have the paragraph read as it would read if amended?

The CHAIRMAN. If no objection is raised, the amendment will be read, and then the paragraph as it would read if amended.

The amendment, and the paragraph as it would read if amended, were again read.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word.

That meets, I think, substantially the point I had in mind yesterday when I interrupted the gentleman from Indiana [Mr. PURNELL]. The gentleman from New York and others have said that there is no antecedent to the words "such transactions." It seems to me that the antecedent is found in the first five lines on page 2, containing the words—

words "board of trade" shall be held to include and mean any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling grain or receiving the same for sale on consignment.

That very clearly is a statement of certain transactions, and the words "such transactions," in section 3, refer clearly to the buying or selling of grain and receiving it on consignment. Therefore, in my judgment, the bill as introduced would have put this additional tax upon and so penalized legitimate transactions, and not puts and calls alone.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. COOPER of Wisconsin. I will yield.

Mr. SANDERS of Indiana. Can the gentleman give any instance where the tax would be levied under this section? I have read the section very carefully and I have listened very carefully to the amendment, and I can not for the life of me see what either the original section meant or what the section as amended means.

Mr. GREEN of Iowa. Is the gentleman inquiring whether there is any other tax under our revenue laws?

Mr. SANDERS of Indiana. I am inquiring what the section means, what it will tax.

Mr. COOPER of Wisconsin. I understand that everybody engaged in a transaction of that kind—"puts and calls"—which is purely gambling, is to be compelled to write their contracts and that a penalty will be imposed on "puts-and-

calls" transactions. And, if the gentleman will permit, this tax is to be imposed to drive that sort of business out of existence. I understood the distinguished gentleman from Texas [Mr. BLANTON] to say a little while ago during the debate that that provision was unconstitutional, because Congress could not do indirectly what it could not do directly.

Mr. BLANTON. I said it could do it directly. There are some gentlemen who seem to think it could not.

Mr. COOPER of Wisconsin. What is the constitutional point which the gentleman raises?

Mr. BLANTON. The constitutional point is this: That if it is true we can not do it directly by a law putting them out of business then we can not tax them out of business by a tax provision.

Mr. COOPER of Wisconsin. A complete answer to that is found in the history of legislation by Congress. Congress could not pass a law directly to destroy State bank issues of paper money, and so it did by indirection what it could not do directly and passed a law that destroyed such issues by imposing on them a tax of 10 per cent. The gentleman from Texas seems to have forgotten that. It put a tax of 10 per cent on the issues of State banks and so killed them entirely, so that the gentleman from Texas [Mr. BLANTON] seems to have forgotten that.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Indiana moves to strike out the last two words.

Mr. SANDERS of Indiana. Mr. Chairman, I do this solely for the purpose of getting information on the subject, if the gentleman from Kansas will be kind enough to answer. I do not know what this original section means; I do not know what this section as amended means. The last three lines say, "intending hereby to tax the transactions known to the trade as 'privileges,' 'bids,' 'offers,' 'puts and calls,' 'indemnities,' or 'ups and downs.'" Now that, of course, can add nothing to what has gone before, because that simply says what you are intending to do. What has gone before must be the substance of the provision of a tax law. This is a tax law. I can not for the life of me see what it taxes.

Mr. TINCHER. I am sorry the gentleman can not see it. Perhaps it is due largely to the fact that the gentleman has not paid much attention to the hearings on this bill. To-night, everything being normal, there will be several hundred thousand bushels of calls disposed of on the Chicago exchange, and several hundred thousand bushels of puts. Those are contracts. At present that transaction is evidenced by a memorandum. There is a small tax on it, amounting on the 5,000 bushels of calls to a few cents.

Mr. SANDERS of Indiana. What is it for?

Mr. TINCHER. That is for the right to take 5,000 bushels of grain to-morrow morning on a future contract offered. The tax on that under this bill would be 20 cents a bushel.

Mr. SANDERS of Indiana. I do not understand what the gentleman means.

Mr. TINCHER. The entire committee has spent several weeks hearing testimony on it; and, seriously, if the gentleman wants to know what "puts" and "calls" are, they are fully covered in the hearings.

Mr. SANDERS of Indiana. I know. What does this section mean? You say you are going to charge 20 cents a bushel on "calls." What do you mean by that?

Mr. TINCHER. By paying \$5 to-night a man can get a little slip entitling him to 5,000 bushels to-morrow morning at a certain price. That is a call. Does the gentleman understand what that means?

Mr. SANDERS of Indiana. I understand that.

Mr. TINCHER. If this bill passes and that section is in it, if they indulge in that in Chicago they will pay a tax of 20 cents a bushel on that 5,000 call, which would tend slightly to make the business unprofitable, and there would be a tendency to desist.

Mr. SANDERS of Indiana. Who pays it?

Mr. TINCHER. The seller.

Mr. GREEN of Iowa. The seller pays the tax.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. BURTNESS. I do not mean to be understood as being familiar with these details, but I understand the difference between "puts" and "calls" is this: I think the "puts" are down below the market on that particular day, and the "calls" are above it—that is, if you want to bet that the market, on the following day before its close, will go down to a certain figure, you make that bet, and it is a "put." There is an opposite party

to it, of course, and if the market does not go down to that figure you must make good for the difference or the margin on the number of bushels involved in that particular "put." The "call" is just the opposite. A man bets that the market will go up on the following day. If it does not go to that figure, the party that makes the bet must make good, and vice versa.

Mr. SANDERS of Indiana. I still insist that the language of this section is meaningless, although the amendment makes it less ambiguous, and I venture the assertion that when this bill comes to final enactment that section will never be in there in that form.

Mr. MONDELL. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. All debate on the amendment is exhausted. The gentleman asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. MONDELL. Mr. Chairman, I hope that no gentleman will embarrass me during the few moments that I shall occupy the time of the committee by asking me what is meant by "privileges," "bids," "offers," "puts," "calls," "indemnities," or "ups and downs," for I do not know. [Laughter.] I have heard about them ever since I can remember. When I was a boy and journeyed from an Iowa farm to Chicago and remained there just long enough to discover that it was not a good place for me [laughter], I used to go down to the board of trade occasionally and watch with lively interest the doings in the bear pit. I heard more or less talk about "puts and calls," and so forth. I did not learn much about them then, and I know little more about them now.

I think I do, however, understand the purpose and the intent of the committee. The committee has endeavored, as I understand it, to retain a wide opportunity for dealing and trading, both in cash grain and in futures, and preserving that opportunity is a very important one, I think, for the grain trade and for the grain grower. On the other hand, the committee proposes to outlaw by prohibitive taxation certain purely speculative, purely gambling, transactions; transactions that do not, as a matter of fact, broaden or extend or widen legitimate trading in grain, but transactions which, in the opinion of many people, have a tendency to produce a condition of fluctuation in the market, harmful alike, as they see it, to both the consumer and the producer.

While I know comparatively little about grain exchanges and their operations, I am not one of those who believe that most of those operations, even those that are speculative, were harmful except to the lambs who are occasionally shorn, and whose shearing, while regrettable, is not a matter over which we need to be especially disturbed, because the lambs can keep away from the clutches of the shearer if they desire to do so.

The desire of the committee has been, as I understand it, to differentiate between those transactions that are legitimate, even those that may be purely speculative, but necessary and helpful to the dealer and not harmful to the grower, and to put the ban on pure, unadulterated, and harmful gambling. Whether the committee has accomplished this purpose in an ideal way I do not pretend to say, but I believe they have approached their task with an understanding of what was needed, and I am inclined to the opinion they have reached a sound conclusion. I want to compliment the committee on having approached this matter from a perfectly sane viewpoint, as it appears to me. There are folks who are misguided enough to believe that we should very greatly curtail opportunities to trade and speculate in commodities. I have never indulged in that kind of pastime myself.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. I ask unanimous consent that I may have five minutes more.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent that his time be extended five minutes. Is there objection?

There was no objection.

Mr. MONDELL. I believe it would be most unfortunate for the producer of grain or of any nonperishable commodity of large production and consumption if we were to curtail unduly the opportunity to trade in those products, not only to trade in them, but to speculate as to the price of the commodity will be at some time in the future.

The opportunity to do that is, as we all realize, essential to the carrying on of certain classes of business. If the man who bought the farmer's grain had no opportunity to hedge, to insure himself against losses, it would be necessary for him to secure the grain at a price leaving an unquestioned margin between the amount paid and the amount likely to be received;

without an opportunity to protect himself against loss, he and all engaged in the business would join in bidding down the price, bearing the market constantly and continually. The opportunity to hedge, as I believe it is called, to fortify oneself by buying futures, by protecting oneself against the fluctuations of the market, enables the buyer to pay a higher price than he otherwise would be justified in paying for the product. Those of us who are old enough can remember the time when wheat prices were largely fixed in local markets. In those days wheat was hauled very long distances by wagon and often sold for ridiculously low prices. Frequently the farmer had no means of knowing when he started on his long wagon journey what he would receive for the wheat when he reached the market. As a boy I saw wheat pass through the little town in Iowa where I lived, bound for a market 100 miles from the farm where it was grown. When I was 15 years old I was one of a little band of farmers' boys who took four-horse wagonloads of wheat from northwestern Iowa 120 miles to Sioux City, and the road was lined with people hauling grain long distances. We got 56 cents a bushel for it after hauling it 120 miles.

Mr. BROOKS of Pennsylvania. Did you know the market price before you started?

Mr. MONDELL. In those days there was no way of knowing what the market price was, either before we started or when we got there, except that we knew what the man at Sioux City offered us for our wheat. Very frequently the price varied 10, 15, or 20 cents a bushel in towns but a comparatively short distance apart. One thing that the development of trading in these commodities has done has been to fix a market and narrow the margin, in the main, although not always between the prices the producer received and the ultimate consumer paid.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MONDELL. I do not like to impose upon the committee, Mr. Chairman—

Mr. LONGWORTH. I ask unanimous consent that the gentleman may have 5 or 10 minutes more.

The CHAIRMAN. The gentleman's request is in the alternative. Which does the gentleman ask?

Mr. LONGWORTH. I will say five minutes.

Mr. BLANTON. I offer to amend that by making it 10 minutes, so that the gentleman may finish his speech.

Mr. MONDELL. I think I may be able to conclude in five minutes. I thank my friend from Texas.

The CHAIRMAN. The gentleman declines to entertain the overture of the gentleman from Texas. Is there objection to the request of the gentleman from Ohio [Mr. LONGWORTH] that the time of the gentleman from Wyoming be extended five minutes?

There was no objection.

Mr. MONDELL. There are times even in these days of very active trading—and we are passing through such a period now—when there is quite a gap between the price which the grower obtains and the price which the exporter or miller receives. That condition sometimes persists after a heavy drop in primary markets, but in the main that gap is very greatly lessened by lively and continuous trading. Realizing that, the committee have not attempted to interfere with what is generally considered legitimate trading, including even classes of trading that may be said to be largely speculative.

Some have suggested that this trading has a tendency to cause and create fluctuations in the value of the product. The fact is that wide fluctuations in price are lessened rather than accentuated by trading in futures. I think it is a very fortunate thing for us that the farmers of the country—while they have been under the impression that there were certain classes of operations that should be prohibited—have in the main realized that an active trading market for their products, both cash and future trading, was essential to the maintenance of a fair and reasonably uniform price.

I confess that I am not an expert in these matters. I confess that I could not answer all questions that might be asked as to what the effect of the committee's bill would be. I have faith, however, that through the hearings the members of the committee have added to the very considerable knowledge they already had and have become thoroughly informed, and that as a result they have brought in a bill that can be defended. While I believe the bill meets the reasonable expectations of those who desire that purely gambling operations in grain should be restrained, it does not unduly curtail or interfere with those operations in the grain trade that in the long run are more essential in the interest of the farmer and grower than in the interest of other parties to grain transactions.

The CHAIRMAN. The time of the gentleman has expired. All time has expired on this amendment.

Mr. CHINDBLOM. I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. CHINDBLOM. Mr. Chairman and gentlemen of the House, during a colloquy a little while ago between the gentleman from Kansas [Mr. TINCER] and my colleague from Illinois [Mr. RAINEY], the question was raised as to the attitude of the Chicago Board of Trade and of its officers. The impression was given that this organization has changed its mind with reference to this bill. I think perhaps, in reading the RECORD, some one may arrive at the conclusion that the president of that board of trade, Mr. Griffin, and its members had indorsed H. R. 5676. As a matter of fact, H. R. 5676 was not before the committee when Mr. Griffin appeared before the committee. The only bill which was before the committee, which had been introduced by the gentleman from Kansas [Mr. TINCER], was the bill H. R. 2363, and the hearings before the committee attended by Mr. Griffin were held on April 25, 26, 27, 28, and 29 and May 2, 1921. H. R. 5676 was introduced in the House by the gentleman from Kansas [Mr. TINCER] on May 3. After the committee had concluded all the hearings on the first bill, the later bill was introduced as the result of the opinion held by the committee after the hearings.

Mr. WILLIAMS. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. WILLIAMS. May I suggest that the changes in the bill were made because of the suggestions of Mr. Griffin and were very largely on his ideas.

Mr. CHINDBLOM. I would not doubt my friend's good faith and I have perfect confidence in him, but I doubt if Mr. Griffin is content with the changes that were made by the committee.

Mr. WILLIAMS. Has the gentleman read his testimony?

Mr. CHINDBLOM. I have read his testimony, and I find that this is what he says—I read from page 149 of the hearings:

I also concur in the statement of Mr. Wells that the Tincer bill has many elements of a constructive character. In principle, I wish to say to you, I indorse the Tincer bill. In precise detail, I believe it needs amendment, largely, to meet practical questions.

The committee made so many amendments that they found it necessary to have an entirely new bill introduced by the chairman. I do not want the opinion to prevail that the gentlemen who constitute the Chicago Board of Trade—and they are gentlemen of high standing in our community, representing some of our best citizenship and are not gamblers—but there may have been a great deal of confusion arising in the minds of some men by all this talk about gambling. There is more or less speculation in all forms of business in the complex ramifications of trade in our day, but let us not be carried away by such argument. I have wondered sometimes just what this bill is. I wonder whether it is a revenue measure. It certainly will not produce any revenue, because the argument is that the tax of 20 cents a bushel is going to stop the operations that they are designed to reach. I do not know whether it is a bill to stop gambling, but if it is we are encroaching on the police powers of the States. I do not know of any provision in the Constitution under which we may legislate to stop gambling in the States.

It is said that this bill is in the interest of the farmer. I have voted for farmers' legislation here; a part of my constituency is in the country. I voted for the bill to give them the right to organize collective bargaining associations. I voted for the emergency tariff bill; but do you not think, gentlemen, it is about time that we stopped ascribing every bill that comes here as intended to relieve some particular situation in the life and business of the farmers? They are not coming here supplicating the House and asking for this legislation. Let us legislate on the merits. If this is a good thing, let us pass it; but let us not make the argument that it is being demanded by any part of our citizens or for the interest of any particular class.

Mr. TINCER. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. TINCER. Does the gentleman think that the opinion of the Chicago Board of Trade would be conclusive whether it was good or bad?

Mr. CHINDBLOM. I do not, not at all; nor do I think the opinion of the farmers is conclusive whether it is good legislation. The main object, as I understand, is to stop gambling, but I venture the suggestion that you are not reaching that result. [Applause.] You are not, but you are going to impose restrictions on the exchanges of the country that are going to prove in their opinion—and their opinion is worth while—

dangerous and disastrous. We are flooded to-day with messages from people who have the right to appeal to us just as much as any other class of the population; and I say, gentlemen, we should not pass legislation as to the effect of which we are not advised. The lengthy arguments that have been made here show that the committee do not think that this will do just what they intend to do, but they have brought in something that they think will be the next best thing.

Mr. GRAHAM of Illinois. Mr. Chairman, I ask unanimous consent to speak for five minutes.

Mr. TINCER. Reserving the right to object, I ask unanimous consent that all debate on the pending amendment and on the section close in 10 minutes.

The CHAIRMAN. The debate has already closed and all speeches now are by unanimous consent.

Mr. LONGWORTH. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. LONGWORTH. What is the precise motion before the House?

The CHAIRMAN. The amendment of the gentleman from North Dakota [Mr. BURTNESS] is before the House, and all debate being conducted now by unanimous consent.

Mr. LONGWORTH. That amendment would be open to further amendment.

The CHAIRMAN. Yes.

Mr. TINCER. Then, Mr. Chairman, I give notice that I shall object to further remarks.

Mr. KINCHELOE. Reserving the right to object, Mr. Chairman, is it the gentleman's intention to complete the bill to-night?

Mr. TINCER. It is my purpose to complete the bill to-night.

Mr. LONGWORTH. I understand that the ruling of the Chair is that the amendment of the committee is open to further amendment, and therefore gentlemen will have further opportunity to speak.

The CHAIRMAN. The debate on this amendment is closed.

Mr. GRAHAM of Illinois. Mr. Chairman, I know nothing about the practical part of stock or grain transactions on a board of trade. I never bought or sold a dollar's worth of anything on a stock exchange. The reasons were several:

First, I did not have the money; second, I did not have the disposition; and, third, I never did believe in playing somebody else's game. Therefore I need some information about this thing before I can vote intelligently upon it. Now, this amendment that has been proposed by the gentleman from North Dakota seems to me complicates it somewhat. It provides that in addition to the tax now imposed by law there is hereby levied a tax amounting to 20 cents a bushel on each bushel involved therein, whether the actual commodity is intended to be delivered or only nominally referred to. Now, under that amendment, if I understand it correctly, if I go to a friend of mine and make a contract with him by which I get the right to purchase from him a certain amount of corn at a certain time and put up my money on the proposition intending to take the corn, I thereby violate the law.

Mr. TINCER. That would be true if the remaining part of this section were not in the law.

Mr. GRAHAM of Illinois. The remaining part of this section provides "upon each and every privilege or option for a contract either of purchase or sale of grain," and so forth.

Mr. TINCER. I am sure, as the section is now—I do not have in mind just how it reads with the amendment—the gentleman would not contend that it would affect his transaction?

Mr. GRAHAM of Illinois. Well, I do not know. Here is the thing that is in my mind, whether the latter part of this section saying "intending hereby to tax the transactions known to the trade as 'privileges, bids, offers,'" and so forth, limits the preceding and enacting part of the statute, and I think that is a matter of doubt.

Mr. TINCER. I think there is no doubt about limiting it.

Mr. GRAHAM of Illinois. Here is what I have in mind. I have no doubt that it is necessary and advisable to limit these purely gambling transactions. I think they do a great deal of harm to the farmers of the country and I believe generally. I have known corn on the board of trade to vary 10 cents a day in price purely on account of transactions of this kind. I remember in May, 1919, on a speech that Mr. Barnes delivered at Minneapolis, threatening to put corn under a regulation as to price, corn dropped 10 cents in one day and back again in a few days because of that speech. Pure speculation in grain futures ought to be stopped; it does nobody any good; they are illegitimate transactions. But I say to you gentlemen, that I do not believe we ought to curb a legitimate transaction where a person intends to buy the grain.

Mr. BURTNESS. Does the gentleman know of an instance where a person intending actually to buy or sell grain does it through the medium of a so-called put and call?

Mr. GRAHAM of Illinois. The words "put and call" may have a technical meaning in the grain trade, but when you put them in the statute they have no specific meaning and to ascertain the specific meaning of the words the courts in going over this section will consider the language which precedes those particular words. Does not the gentleman think so?

Mr. BURTNESS. I think myself the statute could be written and better language used, but the statute specifically refers to puts and calls known to the trade, and any court will give it reasonable and liberal construction.

Mr. GRAHAM of Illinois. The courts may have judicial knowledge of what puts and calls are, but I do not.

Mr. BURTNESS. But if they have not they will find out.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. Mr. Chairman, I desire to make the motion necessary to obtain the floor—

The CHAIRMAN. The gentleman from Ohio.

Mr. LONGWORTH. In order to get some information on this section. The gentleman from Illinois [Mr. CHINDELOM] a moment ago intimated a doubt that this was a revenue bill. The distinguished parliamentarian now occupying the chair, however, has ruled that it is a revenue bill, as has also the distinguished parliamentarian who preceded him. Now, this being indubitably a revenue bill, I shall ask some gentleman in charge of the bill whether they have any estimates from the Treasury Department as to how much revenue will be raised? [Laughter.]

Mr. TINCER. Mr. Chairman, I am frank to say to the gentleman that, considering the condition of the Treasury, we thought that there was no danger of having any great surplus, and we did not secure that information.

Mr. LONGWORTH. The gentleman does not think this law will raise a substantial amount of revenue?

Mr. TINCER. No; I do not think the gentleman in the consideration of taxes and tariff bills need worry about the surplus that will be created by the passage of this bill.

Mr. LONGWORTH. Well, I only wanted to know whether this amount of tax proposed is a use of the taxing power to destroy industry or methods of doing business.

Mr. TINCER. I will say to the gentleman that it is not a use of the taxing power to destroy industry, as I understand the meaning of the word "industry."

Mr. LONGWORTH. I am not in any controversy with the gentleman, because I shall probably vote for his bill. I merely want to know whether this is a use of the taxing power to prevent certain transactions, and if so, how it is you arrived at 20 cents a bushel. Was there an investigation made to ascertain whether that would make such transactions prohibitive?

Mr. TINCER. I will say to the gentleman, under section 3, which is now under consideration, nearly every State in the Union, including the gentleman's own State, has a State law attempting to abolish that evil or method of gambling. Now, it is my judgment, while we can not pass a national law prohibiting that mode of gambling, that it will not be possible with that tax and they will desist from transactions known as indemnities, privileges, puts, and calls; that there will not be any revenue, because the practice will cease.

Mr. LONGWORTH. I am not averse to the use of the taxing power for putting down certain transactions or industries which are not to the benefit of the public.

For instance, I supported, some Congresses ago, a bill which put such a high tax on the manufacturers of white phosphorous matches as to make the industry impossible under those circumstances. But that is the only precedent I know about.

Mr. MASON. I can give the gentleman several other precedents. In the mixed flour bill—

Mr. LONGWORTH. That has never passed the House.

Mr. MASON. The filled cheese bill was passed upon, and the Supreme Court of the United States held that the judicial power could not interfere with the legislative power, and they immediately passed a tax that would be absolutely prohibitive.

Mr. LONGWORTH. There is no question as to the power to do it. The only point is, I recollect only one precedent to the present bill since I have been a Member of this House. And what I am trying to ascertain is whether the committee is frankly making use of the taxing power to destroy this method of doing business?

Mr. STEVENSON. The child labor act that was passed tended the same way.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ELLIS. Mr. Chairman, I offer an amendment to the substitute that has been offered. In line 16, after the word "tax," insert the word "only."

The CHAIRMAN. There is no substitute pending. There is only an amendment pending.

Mr. ELLIS. Then the amendment, or whatever it is called. Consent was given by the Member who moved the amendment that the substitute be considered in its stead.

The CHAIRMAN. The gentleman from Missouri offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ELLIS moves to amend the amendment by inserting, on page 2, line 16, after the word "tax," the word "only."

Mr. ELLIS. Mr. Chairman, I am not sure that the placing of this word in line 16 will be accurate, because of the change in the amendment to the whole section. But I have been impressed by the uncertainty and misgivings of some Members here, the gentleman from Indiana and the gentleman from Illinois, as to just what this section refers to and what transactions we are driving at. I submit that it will tend very much to remove doubt upon that matter if you insert this word, so that it will read "intending hereby"—that is, by this section—to tax only the transaction known to the trade as "privileges," "bids," and so forth.

The CHAIRMAN. The question is on agreeing to the amendment to the amendment.

The question was taken, and the Chair announced that the yeas seemed to have it.

Mr. NEWTON of Minnesota. Division, Mr. Chairman.

The committee divided; and there were—ayes 49, yeas none. So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. BURNES].

Mr. BEGG. Mr. Chairman, may we have the amendment read again?

The amendment was again reported.

Mr. WALSH. Mr. Chairman, may the section be read as it would appear if this amendment should be adopted?

The CHAIRMAN. The Clerk will report the paragraph as it would read if amended.

The paragraph as it would read if amended was again read.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. CABLE. I rise to a parliamentary inquiry. I would like to ask the Chairman a question relating to section 3 of the bill, which contains the only reference in the bill to what you admit is gambling. Is it intended that the penalty mentioned in section 9 applies to section 3, or is it your intention to exempt gambling from the penalty clause?

Mr. TINCHER. I do not care to take the time to discuss that matter. If the gentleman will examine the section, he will find that it refers to making a report, and there is no report in this.

Mr. CABLE. If you will examine section 9, you will find it does not apply to section 3 in any way, but applies to sections 4 and 5.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 4. That in addition to the taxes now imposed by law there is hereby levied a tax of 20 cents a bushel on every bushel involved therein, upon each contract of sale of grain for future delivery made at, on, or in an exchange, board of trade, or similar institution or place of business, except—

(a) Where the seller is at the time of the making of such contract the owner of the actual physical property covered thereby, or is the grower thereof, or in case either party to the contract is the owner or renter of land on which the same is to be grown, or is an association of such owners or growers of grain, or of such owners or renters of land; or

(b) Where such contracts are made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a "contract market," as hereinafter provided, and if such contract is evidenced by a memorandum in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery, and provided that each board member shall keep for a period of three years from the date thereof and for such longer period as the Secretary of Agriculture may direct a permanent record of such contract for future delivery.

Mr. LINEBERGER. Mr. Chairman, I rise for the purpose of securing information. I would like to ask the chairman of the committee whether the exception provided in section 9 is intended to exempt the practice commonly known to the trade as hedging? Whether we exempt the hedger, the grower of grain, who goes out and buys a sufficient amount of grain from the board to cover his own crop?

Mr. TINCHER. There is no question but that the grower of grain is permitted to use the hedging facilities of the market.

Mr. LINEBERGER. This paragraph is intended to cover that?

Mr. TINCHER. Yes.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 3, line 15, after the word "delivery," strike out the period, insert a colon, and add the following: "Provided, That the number of bushels of grain that may be sold under such hedging contracts as are provided for in subdivision (b), wherein actual delivery of the specific grain is not within the contemplation of the parties, but is speculative only, shall be limited to and not exceed double the amount of bushels of the grain actually to be delivered under contracts made on such market."

Mr. SANDERS of Indiana. Mr. Chairman, I reserve a point of order on that.

Mr. BLANTON. Mr. Chairman, the amendment is not subject to a point of order. It is clearly a limitation, and it carries out the idea of my distinguished friend from Kansas [Mr. TINCHER], the chairman of this committee—the idea that he first had about this matter of properly limiting the hedging transaction. It provides for only that limitation which he sought to provide for in his original bill; that is, the bill that he introduced at the last session, where he limited it to three times the amount of actual grain involved. This is really three times, because it is double the number of bushels that are actually in existence. I think it will easily insure a flexible market. It will easily permit the proper hedging and will carry out his idea of what should be done, the idea he had six months ago.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I do.

Mr. WALSH. Is there any definition in the bill of a hedging transaction?

Mr. BLANTON. Well, there is not any definition of "puts and calls" and "ups and downs," because the trade seems to know what "puts and calls" and "ups and downs" are already. There is somebody going up all the time and somebody coming down.

Mr. WALSH. Is that a form of transaction that is well understood?

Mr. BLANTON. Hedging is well understood on the market; it is well understood by the trade. It is better understood among the trade than the words "puts and calls," because all grain dealers—that is, the actual grain sellers—understand what hedging is, and there are some of them who do not understand thoroughly about "puts and calls" and "ups and down." The farmers all understand what "ups and downs" are, though.

I do not see how my friend from Kansas can object to this amendment. With this amendment passed I am one of the farmers' Representatives here who can vote for this bill, and I am one of the farmers' Representatives, because three-fourths of the voters of my district are farmers and stockraisers. It is their interest that I seek to represent here first, and with this amendment in the bill I can vote for it conscientiously, but with this amendment not in the bill I will not vote for it, because I believe it legalizes gambling and is against the interests of the farmers that I represent here.

Mr. BURNES. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BURNES. Does the gentleman take the position that there should be any limitation upon hedging, legitimate hedging?

Mr. BLANTON. Whenever you go beyond the question of a legitimate insurance to the man who is buying the commodity, then you are going into a gambling transaction.

Mr. BURNES. As I understand it, the gentleman intended to limit not only the speculation and gambling, but hedging and what is regarded by everyone familiar with the business as entirely legitimate.

Mr. BLANTON. I am seeking to cut out the speculative gambling in the farmers' product and limit it to legitimate hedging.

Mr. BURNES. Why do you limit the hedging? I take it you have no objection to legitimate hedging. You limit it to an amount that might not be sufficient to take care of the grain trade.

Mr. BLANTON. If I want to buy 10,000 bushels of wheat on the market for legitimate purposes, to be actually delivered to me, and I want to insure myself against loss in respect to that contract, I am permitted under this amendment to go upon the market and sell 10,000 bushels of wheat futures, and somebody else is permitted to buy that 10,000 bushels and sell it one time. My amendment permits this. That would be double the amount of the actual wheat involved in that transaction. It involves two different hedging sales. Whenever you go beyond that you are

going beyond the legitimate insurance of hedging and are coming within the pale of gambling transactions. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TINCER. Mr. Chairman, I want to oppose the amendment. I am sorry the gentleman from Texas [Mr. BLANTON] could not give this bill sufficient time to write it, so that he could vote for it. While I did not know much about the intricate workings of these boards of trade, I did draw a bill and introduce it, prior to all the hearings on this matter, seeking to prevent fluctuations on the board of trade and still protecting hedging with reference to the business transactions which are connected with the sale of a given commodity. But I am not in that condition where I am not always susceptible of enlightenment, and the witnesses appearing before the Committee on Agriculture convinced me that my bill was weak, in that it would permit corners by the big interests of this country which would be destructive to the producers and consumers of the country, and by the advice and suggestions of men like Herbert Hoover and Clifford Thorne and Mr. Howard and other men versed in the subject, and I may also say I had some suggestion from men in the exchanges, men like Mr. Wells, men of high standing, explaining that a bill containing the provisions of this amendment would afford a certain man, whose name is very familiar in the grain trade, who lives in Chicago, an opportunity absolutely to corner the grain market—for that reason in the new bill and during all the recent consideration by the committee of this matter we have abandoned the theory of controlling it in that manner.

Mr. Chairman, I ask for a vote on the amendment.

Mr. STEVENSON. Mr. Chairman, I move to strike out the last word.

Mr. SANDERS of Indiana. Mr. Chairman, I reserve a point of order on the amendment.

Mr. TINCER. Let us vote on this proposition before the gentleman from South Carolina begins.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. WALSH. I understand a point of order has been made.

Mr. SANDERS of Indiana. Mr. Chairman, at the request of the chairman of the committee I will withdraw the point of order.

The CHAIRMAN. The point of order has been withdrawn. The question therefore recurs to the amendment of the gentleman from Texas [Mr. BLANTON].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The gentleman from South Carolina [Mr. STEVENSON] is recognized.

Mr. STEVENSON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from South Carolina moves to strike out the last word.

Mr. STEVENSON. Mr. Chairman, thus far I have not had anything to say about this measure, and it is not my business to mess in other people's troubles. But they keep bobbing in here with suggestions that the cotton people ought to be embraced within the provisions of this measure. This measure is practically the cotton-futures act, enacted in 1916, found in Thirty-ninth Statutes, part 1, page 476. There is nothing particularly new in this bill, except that it deals in pounds in the cotton-futures act and in bushels in this act, and you are simply following, as nearly as it can be made applicable, the legislation laid down for cotton in that cotton-futures act. So that there is no necessity for the cotton people being brought into this legislation. That act may be a good reason why we can afford to follow the gentleman from Kansas on this bill. I expect to follow him on this. That act has been satisfactory so far as it has gone, and the only great complaint there has been about it was that under that act there are 10 grades of cotton that can be delivered on any contract. Now, a man goes on the market to buy the cotton which he wants—a high grade of cotton, and probably the highest. He bids for it in the market and buys it at the exchange price, if he buys on the exchange, with the privilege of requiring his 100 bales of cotton to be delivered. The fellow who sells it is selling it about 2 cents below the spot market. That is about the way the future market runs in comparison with the spot market. He is selling at about 2 cents below. Therefore when the man who bought the cotton calls for delivery the seller does not want to deliver the grade of cotton that the buyer bought, because he has got to lose some money on it. What does he do? Instead of delivering the highest grade he is going to deliver the lowest grade, because under the law as it now exists he can deliver all of it in any grade he sees fit. The purchaser has no say so about what shall be delivered if it comes within the 10 grades. The result

is that the future market is usually from 2 cents to 4 cents lower than the spot market. So when the farmer goes to borrow money on his cotton at 90 days and spot cotton is selling at 22 cents, if the farmer wants to borrow 18 or 19 cents the banker will say, "No; your note is payable in 90 days and the August or September market is running at only 19 cents. Therefore you can not borrow 17 cents, but you can only get 15 cents a pound in the way of a loan on your cotton." And all the time that spot cotton is selling at 22 cents you are governed by the future market in making your loans and in financing your cotton transactions. That is the only great abuse that has grown up and that has been corrected to some extent.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from North Dakota.

Mr. BURTNESS. Have you noticed any benefits to the producer from the passage of that act?

Mr. STEVENSON. Oh, yes; there has been considerable benefit.

Mr. BURTNESS. What are some of the benefits?

Mr. STEVENSON. The market has not been nearly as bad as it used to be, especially since it has been limited to 10 grades. At first the Secretary of Agriculture prescribed 20 grades, and there used to be a difference of 5 cents between the future market and the spot market. Now, the only thing we seem to need is legislation which would enable the buyer to specify in what grades 50 per cent of the product shall be delivered and let the seller specify the other 50 per cent. Then you have got the buyer and the seller on an equality.

Mr. MORGAN. Does the gentleman know that in the transactions of the grain market that is all provided for, because of the fact that the grades are specified on contracts as to one and two?

Mr. STEVENSON. I am not familiar with the grain market and I am not attempting to interfere with this bill that they have brought in here; I am speaking to the claim that cotton is not embraced in it. I want to show you that cotton is already provided for, and it needs only one additional amendment, and then it will be about as well provided for as you can get it.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

SEC. 5. That the Secretary of Agriculture is hereby authorized and directed to designate boards of trade as "contract markets" when, and only when, such boards of trade comply with the following conditions and requirements:

(a) When located at a terminal market upon which cash grain is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the grain and the difference in value between the various grades of grain.

(b) When the government thereof provides for the making and filing of a record and reports, in accordance with the rules and regulations and in such manner and form as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board or the members thereof, either in cash grain or for future delivery, and which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture and United States Department of Justice, and such record shall be in permanent form and shall show the parties to all such contracts, any assignments or transfers of such contract, the parties to and terms of such assignments, and the manner in which said contract is fulfilled, discharged, or terminated.

(c) When the government thereof prevents the dissemination, by the board or any member thereof, of false, misleading, or inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of commodities.

(d) When the government thereof provides for the prevention of the manipulation of prices by the dealers or operators upon such board, including a reasonable limitation upon the total quantity of grain of the same kind covered by contracts unfulfilled or unsettled at any one time by or on behalf of the same person commonly called "open trades" in speculative transactions.

(e) When the government thereof admits to membership thereof and all privileges thereon on such boards of trade lawfully formed and conducted cooperative associations of producers having adequate financial responsibility.

Mr. McLAUGHLIN of Michigan. I offer an amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN of Michigan: Page 5, line 4, at the end of line 4 add the following: "Provided, That any such association or its representatives applying for admission for membership on the board of trade be able to and shall comply with and conform to all rules and regulations of such board if the same have the approval of the Secretary of Agriculture."

Mr. McLAUGHLIN of Michigan. Mr. Chairman, the matter to which this subdivision (e) relates has occasioned a good deal of controversy in some parts of the country. It is a matter that has been before the Committee on Agriculture for some time. It appears that representatives of cooperative associations have applied for membership in boards of trade and have

been refused, because, as charged by boards of trade, the associations have not been able and thus far have not been willing to conform to the rules of the boards. If it were necessary I might mention some of the rules of the boards of trade that have been invoked against the cooperative organizations, but I think it is not necessary. These cooperative associations feel that injustice has been done them, and in some of the States effort has been made to have laws enacted to compel the admission of the associations to membership and to all rights and privileges of members on boards of trade. Effort has been made to have a law passed by the Congress compelling the boards of trade to admit representatives of the cooperative associations. I think members of the Committee on Agriculture who have given attention to the matter believe as I believe, that these associations ought to be admitted if they are able and willing to comply with reasonable rules and regulations, but that if they can not so comply they ought not to be admitted. It will not do for an individual or an association to claim membership in a board of trade and be unable or unwilling to comply with reasonable rules and regulations. It is charged, and I guess it is commonly admitted, that some of these cooperative associations are not able to comply with the rules of some of the boards of trade, because the rules are unreasonable; that rules are made by the boards for the very purpose of excluding members or representatives of these local associations.

Now, inasmuch as the entire business of these boards of trade is to be under the direction and control of the Secretary of Agriculture, and he will have authority to oversee and, if necessary, to demand changes of rules or regulations, I have thought that we might provide for the admission of the representatives of these cooperative associations if they are able to and if they shall during membership comply with and conform to regulations, and if we provide that these rules and regulations shall be reasonable and found to be so by the Secretary of Agriculture. I offer the amendment with that idea in mind. Everyone knows and will, I am sure, admit that a board of trade must have rules and regulations to which all members must conform, but they should be reasonable and at the same time fairly and honestly administered and applied to all members alike. The bill before us, as it now stands, would compel the admission of any cooperative association which might apply, although it might not be able, might not be willing, to comply with proper and necessary conditions, and after admission it might fail or refuse to conform to rules and regulations.

Such a law would be ridiculous; my amendment is intended to provide for admission of such associations as are proper for and capable of membership, and for only such, letting the Secretary determine a controversy between an association and a board of trade.

Mr. KINCHELOE. Will the gentleman yield right there?

Mr. McLAUGHLIN of Michigan. I yield to the gentleman from Kentucky.

Mr. KINCHELOE. The gentleman will remember that during the hearings one of the main reasons given by boards of trade for not admitting members of these associations was that the representative of the association would let the members of his association participate in the profits by reason of being a member of the board.

Mr. McLAUGHLIN of Michigan. Yes; I spoke of the objections that were urged by the boards of trade, and that often the boards of trade would not permit representatives of the cooperative associations to become members. I did not mention the specific objections. The instance which the gentleman from Kentucky gives is one of them.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KINCHELOE. Let me ask the gentleman, for information, if his amendment was adopted and they had a rule prohibiting them and the Secretary of Agriculture agreed that that was a valid reason, under your amendment they could not become members?

Mr. McLAUGHLIN of Michigan. That is true. But here is the Secretary of Agriculture being intrusted with authority to regulate and control boards of trade in every particular in most important respects. We are willing to trust him with all the intricacies of the organizations; he can put them out of business if he chooses. It seems to me that we ought to be willing to trust him to insist on reasonable rules and regulations so that cooperative organizations willing to do the fair thing can be protected. And I believe these organizations ought to be willing to trust him. That is why I have offered

this amendment, and I believe it is proper and ought to be adopted.

Mr. STEENERSON. Mr. Chairman, I am opposed to the amendment offered by the gentleman from Michigan. Admission of cooperative societies to grain exchanges should be a matter of right and not of discretion. This question is important and arose as soon as cooperative societies were organized in the wheat-raising sections of the country. The bill, you will observe, authorizes the Secretary to permit these boards of trade to be designated contract markets "when the government thereof admits to membership thereof and all privileges thereon on such boards of trade lawfully formed and conducted cooperative associations of producers having adequate financial responsibility."

That is the only qualification that ought to be required. These boards of trade are organized so as to have absolute control of who shall be members, and as no one can buy or sell in the markets they maintain unless he is a member, or employs a member to act for him, they are in fact closed or private markets instead of open public markets. One of their rules forbids any member from dividing commissions, and this is construed to prohibit admission of cooperative societies, because it is contended they divide profits among members; that is to say, they pay a patronage dividend. My bill declared that all the organizations operating a regular place of business or trading room for members and in which members buy, sell, or exchange grain for themselves or others in interstate or foreign commerce in accordance with the interstate grain standards act are declared public markets, subject to the provisions of the act, and that all rules excluding cooperative societies from membership by reason of the fact that they are organized on cooperative principles shall be void.

The gentleman from Kansas did me the honor in his opening speech on this bill to give me the credit for originating this provision. He said: "There is another paragraph in this bill that I want to mention. That is the provision authorizing the Secretary of Agriculture to compel the grain exchanges to permit the cooperative associations to have membership on the grain exchanges. That was not my idea originally. Mr. STEENERSON and several other Members of Congress had bills pending covering that proposition, and several of the States have passed laws covering that proposition, and when we had before our committee the present Secretary of Agriculture—and he is a man who has given this subject great study for many years—it was his opinion that while passing this legislation we should incorporate that feature in it. I want to say that our committee had by unanimous vote voted out at the last session of Congress Mr. STEENERSON's bill covering that point, and it was his opinion that we should take it; so we have stolen Mr. STEENERSON's bill and put it in here in one short paragraph."

While I appreciate the generosity of my friend in giving me so much credit, I protest I never claimed any proprietary right in the idea, and the gentleman and the committee had a perfect right to include the provision in the bill. I had, in fact, asked the committee to do so if thereby it was thought the legislation I sought would be advanced. I am glad it is in the bill, but at the same time I hope the committee will report my bill and let it go on the calendar. My bill is much broader than the present measure and covers all grain exchanges, while this bill may cover only a part.

THE RELATION OF GRAIN GRADES TO COOPERATIVE MARKETING.

The importance of this matter can not be understood without bearing in mind the actual conditions under which grain, especially spring wheat, is marketed in the Northwestern States. Spring wheat under Federal grades is divided into two classes, namely, hard red spring and durum. The first class, however, is divided into three subclasses of six grades each. There are seven distinct requirements to grade No. 1.

They are, first, cool and sweet; second, test weight, 58 pounds per bushel; third, moisture, not more than 14 per cent; fourth, foreign material, not more than 1 per cent; fifth, damaged kernels, not more than 2 per cent; sixth, mixture of common white, white club, and durum wheat, not more than 5 per cent; and seventh, mixture of humpback wheat, not more than 5 per cent. The following are the requirements for all grades: The first four grades shall be cool and sweet. Test weight: 58 pounds for grade No. 1; 57 pounds for No. 2; 55 pounds for No. 3; 53 pounds for No. 4; 50 pounds for No. 5; sample grade is No. 6. Moisture: 14 per cent for No. 1; 14½ per cent for No. 2; 15 per cent for No. 3; 16 per cent for Nos. 4 and 5. Foreign material: Not more than 1 per cent for No. 1; 2 per cent for No. 2; 3 per cent for No. 3; 5 per cent for No. 4; and 7 per cent for No. 5. Other wheats, not more than 10 per cent for No. 1, which includes 5 per cent of humpback; not more than

5 per cent for No. 2; and damaged kernels, not more than 2 per cent for No. 1; 4 per cent for No. 2; 7 per cent for No. 3; 10 per cent for No. 4; and 15 per cent for No. 5. A sample may fulfill or exceed six requirements but fall a little short in one, and it is graded down. It may have 14½ per cent moisture and grade No. 2, involving a loss according to present prices of 8 cents per bushel, or \$80 on a 1,000-bushel car lot. For this one-half per cent excess water in this car, equal to 5 bushels in weight, which at \$1.50 per bushel would amount to \$7.50, there is a loss of \$80 to the seller, or a penalty of \$72.50, which goes to the buyer. The next car is 14 per cent moisture and No. 1, and mixed with the first car both become No. 1, and so on to the end of the list.

These grades have been the cause of much dissatisfaction since they were adopted five years ago, and we have had hearings almost every year before the Secretary in order to get them simplified and liberalized, but without avail.

At a recent hearing before the Secretary many farmers and grain-inspection officials of the three States testified in favor of changes. I should like to quote all of this, but can here only give part of the testimony of A. J. McGovern, chief deputy grain inspector of North Dakota, as follows:

"Mr. MCGOVERN. I just want to take up one phase of the matter, and the other gentlemen from North Dakota will make a more extended explanation. I would like to show you the effect that the sales of wheat have upon the grades and the grades on the sales.

"The SECRETARY. What line of business are you in?

"Mr. MCGOVERN. I am the chief deputy grain inspector for North Dakota. I will just show you a sample of one dark northern spring wheat. The test weight is 59 pounds; it has one-half per cent of wild peas, which the Federal grades will carry. Take the April 20 market, the No. 1 dark northern; the average sale was \$1.48 at the terminal market at Minneapolis. I show you a sample of No. 2 dark northern spring wheat. The test weight is 59 pounds; it contains 1 per cent wild peas. The average sale is \$1.41, a loss of 7 cents per bushel. That loss is on account of having one-half per cent more of wild peas than the No. 1. I show you sample No. 3. No. 3 in the Federal grades will carry matter other than cereal grains a total of 2 per cent. I show you a sample of three dark northern spring wheat; test weight 59 pounds, contains 2 per cent wild peas. The average sale on the 20th of April was \$1.22, or a loss of 26 cents per bushel compared with the No. 1 dark northern, on account of having 1½ per cent more of wild peas than the No. 1 dark northern. If you examine this wheat you will find that it is all choice and the same wheat. I show you a sample of No. 4 dark northern spring, test weight 59 pounds; contains 3 per cent of wild peas. The Federal grades will allow matter other than cereal grain a total of 3 per cent. The average sale on the 20th of April, the same date as the other sales, was \$1.11 per bushel, or a loss of 37 cents to the raiser of this grain comparing it with the No. 1 dark northern, on account of having 2½ per cent more of wild peas than the No. 1. I show you a sample of No. 5 dark northern spring wheat, with a test weight of 62 pounds, with 5 per cent of wild peas. The No. 5 of the Federal grade carries a total of 5 per cent of matter other than cereal grains. The average sale on that wheat on the 20th of April was \$1.05 per bushel, a loss to the raiser of this grain of 43 cents per bushel, for the reason that it had 4½ per cent more than the No. 1 dark northern. I show you a sample of the sample grade dark northern wheat that has a test weight of 62 pounds to the measured bushel that contains 5½ per cent. The No. 5 of the Federal grades carries 5. This is one-half per cent more than the No. 5, and places it in sample.

"The average sale of this sample wheat on the 20th of April, 1921, was 96 cents, or a loss to the raiser of this grain of 52 cents per bushel simply because it had 5 per cent more of wild peas than the No. 1, or a difference of 9 cents per bushel between your sample grade that has 5 per cent and the sample which has 5½. The man was penalized because it had a half per cent more, or if it went over 5, a quarter, it would go in as sample. Now, these peas are cleaned out. I speak of wild peas because we had samples that had peas in them. We have kingheads; that comes under the head of other material—wild peas, kinghead, wild rose, and corn cockle. I thought I had some here to show you, but this can be readily cleaned out, and there are two ways to take care of this at the terminal market. That is, the mixer would take one car of that sample and he would take two or three cars of perhaps a lower grade. You see he has 62 pounds; he can bring that down to 59 pounds and be within the Federal grades. He has 4 pounds there to work on. He could mix that with two other cars, perhaps, of a lower grade; he could make that No. 1 by mixing and losing that pea.

"The SECRETARY. These can be separated by the ordinary fanning mill.

"Mr. MCGOVERN. Well, I would not say by the ordinary fanning mill, but the mills have cleaning machines.

"The SECRETARY. Well, these could be separated by a good farm fanning mill.

"Mr. MCGOVERN. Well, it can be separated in the mills, not by a fanning mill.

"The SECRETARY. I understood you to say it was easily separable.

"Mr. MCGOVERN. The big mills have separating machines.

"The SECRETARY. What does it cost to separate it?

"Mr. MCGOVERN. They charge out in our State two cents a bushel for cleaning the grain.

"The SECRETARY. The difference in prices you quoted there would make it very profitable to separate it. The farmers could unite and have a cleaning arrangement.

"Mr. MCGOVERN. Well, the farmer is not equipped with the capacity to handle all this grain, not always. He has to ship out a great deal of this grain, but that is the way the Federal grades actually work out. Now, I am a believer. I believe that the United States grain standards act is all right, the law itself, but we have no use for the Federal grades as they are now established. I would like to have the rule made by the Federal Government so that that elevator out in the country could handle this grain. At the terminal markets they have everything there to do with, and have plenty of time. When the farmer is thrashing his grain the elevators are very busy. They have usually in the farmers' elevator perhaps two men for a couple of months. The line elevators have one man. Now, they handle a great deal of grain. It is not an unusual thing for a farmers' elevator to take in from 25 to 30 loads a day, and he has to make a record of his grain, but the manager of the farmers' elevator or the country elevator has not the time to inspect this grain under the Federal rule. As far as that moisture content is concerned, I would say that we would not care much about the moisture placed at 15 or any other amount. We think that in the handling of grain if a man running an elevator could not tell whether grain is fit to bin or not, that it is not fit to run in an elevator, and that is the way the elevators are operating. It is all on judgment, without any instruments. They have not the time to test out the moisture. Well, the farmers of North Dakota are very dissatisfied with the grades. They are so much dissatisfied that they have always sent a representative to all of the meetings that have been held by the Secretary of Agriculture. They have been to Montana, Chicago, Washington, Minneapolis, and other places. We have a gentleman here who will speak before we get through, Mr. Hagen, who attended all of those meetings. As long as there are millers here I would like to make this statement that these Federal grades, in my opinion, were made for millers and by millers. Take that as you like. I thank you very much.

"The SECRETARY. I do not think it is quite fair to allow that to go, Mr. McGovern. While I did not have anything to do with it, I have a great deal of faith in the integrity and purpose of the people in the department who have handled this subject in the past. They may have made mistakes, but I do not think your statement is fair."

There were 15 or 20 other witnesses representing the grain-inspection bureaus and representing actual farmers who all spoke to the same effect.

"Mr. STEENERSON. I have attended most of these hearings from the very start, both before the Secretary of Agriculture and the man at the head of the Bureau of Markets, Mr. Brand, and others, and when these Federal grades were first proposed, the only justification that he offered was that he had submitted it to the grain trade and it was satisfactory to the grain trade throughout the United States. That is the record. I will furnish the hearing where you can read it yourself. I do not say that he wanted to be against the farmer, but he supposed the trade knew all about it. The theory of this bureau was that the only men that knew about this business were the millers and the scientific chemists they employed, and they formed these grades just exactly as Mr. McGovern has stated."

In my closing argument before the Secretary I said: "Mr. Secretary, I have attended nearly every hearing by the department except one or two in Minneapolis, some of them before the Secretary and some of them before the Bureau of Markets, ever since the year that these grades were established. I have come to the conclusion that, as Mr. Young has pointed out, that these grades are framed upon a system of penalties that are unfair to the producer. Take, for instance, the matter of moisture. Say 14 per cent makes No. 1, but if there is a half per cent over it is degraded No. 2. Now, say that it is 1 per cent, that would only be on a thousand-bushel car; it would only be 10 bush-

els, and at \$1.50, which is the price now, it would be \$15. Instead of that, according to my home paper—I have the clipping here—there would be a reduction in price of 8 cents between No. 1 and No. 2. That is \$80. Because of this 15 per cent of water that is theoretically in there they penalize the man \$80. And so it is with the wild peas here. If they can be separated, or if anybody had said yesterday that they actually damage the flour so that it is unsalable, or something of that kind, but so far as foreign material is concerned by degrading it you lose from 4 to 12 cents.

"Now, I just got this from my home paper in Crookston:

[From Crookston Daily Times.]

Local grain markets.

Wheat, No. 1 Dark Northern	\$1.29
Wheat, No. 1 Northern	1.21
Wheat, No. 2 Northern	1.13
Wheat, No. 3 Northern	1.07
No. 1 Amber Durum	1.24
Wheat, No. 1 Durum	1.20
Wheat, No. 2 Durum	1.18
Wheat, No. 3 Durum	1.11

"I will say that I live in the Red River Valley of Minnesota, the greatest hard-wheat producing part of the United States, and I have myself been engaged in raising wheat in the Red River Valley for 40 years. That is, I have the farm. I have not done the farm work myself. I have been practicing law most of the time, but I have marketed wheat at the elevator and have shipped wheat to Minneapolis, and shipped it before there were any State grades. Originally the chamber of commerce graded the wheat, and the cry went up every year, just as it does now, against the Federal grades, and there was an agitation constantly; it was a part of the campaign; there was a constant agitation. When KNUTE NELSON became governor he established the State inspection and State weighing system, and whatever has been hinted here by some of these men—I have lived right there and been in politics—I say to you that during the 20 years before these Federal grades came in the question of grain grades and inspection was taken out of politics. Now, then, I want to say another thing. Of course, I realize that men in matters of judgment are swayed by the point of view of their avocation. They are prejudiced, so to speak, and it is perfectly proper for the Secretary or any one of these gentlemen opposing these changes to ask this question about whether we favor Federal standards, Federal grades. I want to tell the Secretary the origin of that. That was started in every hearing by the opponents of the farmers; that is, those that took the other side of the question—the millers and the grain men. They all hinted or urged that the opposition was due to the theory that we were opposed to Federal inspection. Now, the history of that matter is this: There was some dissatisfaction in North Dakota and some in South Dakota about the State of Minnesota inspection. They seemed to think that we were regulating their affairs and the markets being there they started an agitation for Federal grades.

"The demand for Federal grades came from North Dakota, and Senator McCUMBER was the first man to introduce a bill. When it came to the Congress, of course, representing a farming constituency, if they were opposed to Federal grades I would have voted against it, but my best information was that most farmers throughout the United States and in my district favored Federal grades, so that the only opposition that came before committees of Congress was the opposition of the State of Minnesota grain inspection organization. The railroad and warehouse commission, through Mr. Jacobson, did come down here representing the State authorities opposing the legislation on the theory that we had for 20 years built up a successful and satisfactory system under the State laws and he was afraid that the Federal system might not be as good. Now, that is the truth of it, and when the Federal grades were established, Mr. Jacobson, like the rest of us, said: 'Well, although we thought that, if you can make the grades workable and practical we are not opposed to them on principle.' Mr. Jacobson is not a States rights man; he would be perfectly willing to have Federal grades, provided they were just and fair and operated justly. Now, when these questions are proposed to every man that comes up here, 'Are you in favor of Federal grain inspection?'—that question was, I think, brought up, and every Congressman from Minnesota voted for it. Everybody thought as long as they did not have it they wanted it. The idea was good. After they got it, it became very unpopular, and now, of course, if you ask a man 'Are you in favor of Federal grades,' he naturally says, 'Not the grades that we

have now, but if we can get reasonable grades we would favor it.' We are not here opposing the present grades or asking for a modification because we are against a Federal system of grades. We are the originators; these three States are the originators; introduced the first bills 10, 12, 14, or 15 years ago to establish this system, so it is not fair to charge us with being prejudiced against these and therefore not fair judges of its operations. Why, the theory of some department representatives that I talk with and some of the millers and elevator men seems to be that we would oppose any kind of Federal grades, because we are States rights people and want the States to have all this business themselves.

"Now, that is not true. We started out as favorable to this proposition as any human being could be; we were hungering for it; we were wishing for it. It was only when we got it and tried it on that we did not feel satisfied. So that this question about whether we favor States grades as a general principle really has not any bearing. We are all in favor; it is only the abuse that we object to.

"The SECRETARY. Now you have tried it, as you say, you all favored it to start with. Now you have tried it, do you still have the question of States rights? Do you still think that the Federal system of grading is preferable?

"Mr. STEENERSON. If it could be made satisfactory; yes. And Congress was very careful in providing this system. They did not suppose that the rules and regulations of the Secretary of Agriculture under this law would be like the laws of the Medes and Persians, not to be changed, because they provided themselves that they should be changed, but they should not be changed without 90 days notice after the change has been decided on. Of course, we have had that demonstrated. We have had 90 days notice and six months. The first notice they would consider changes, and then notice of what little change had been made according to law, of course. Now, I do not want to go into the details. Other men have done that better than I can do, but I want to say one word about the matter that came up when Mr. Shanahan testified. Mr. McGovern, as a closing remark, said that the grades appeared to be as if they were made for millers and by millers, and I made the remark then that that is just exactly what the representatives of the department had defended the grades on, that they were satisfactory to the grain trade. Now, I do not mean to charge the representatives of the department or any official with any dishonesty or any corruption or anything of that kind, but that is their point of view. They were undoubtedly doing what they thought was right, but they were wrong. Now, to prove that they were wrong it is a great satisfaction to me that Mr. Shanahan was on the stand and appeared here, because I never knew before who the real author of these grain grades and standards was.

"Now we know; we don't have to suspect or guess from what Mr. Brand stated before the committee that they were made after consultation with the grain trade; we know that he (Mr. Shanahan) made them; he says so. There was no question about it. These are his words: 'I represent specifically the New York State Millers' Association at this time. Further than that, I represent about 35 years' of close study of this subject and hard work to bring about Federal standard grades. Four of those years were spent here in the Department of Agriculture in charge of that department of the work, and I believe that I can say that the principles upon which these grades were built are mostly mine.' He was an officer of this department and he says, and I have no doubt he believed, he made the grades in the interest of all; he was honest; he intended to do it, but he had a different point of view, and, of course, at that time there had been no dispute as to the grades because the grades did not exist. The dispute as to these grades and their application in practice has existed only since the grades were made. Now, what is more natural than the fact that the father of these grades should have that pride and paternal joy which is natural to everybody to defend them, right or wrong. That is human nature, and, of course, he does it. And now, how did he defend them? He has stated here before the Secretary and before this audience that he made these grades in the interest of everybody, to be fair to everybody, and when somebody mentions the millers, he says: 'The miller is the farmer's best friend, as far as wheat is concerned.' I have it right down here in my pencil notes; his interest is the same as the farmer's. Now, a man with that point of view, who was justified in taking that point of view at that time because this dispute had not arisen; he had that idea as everybody else; they don't come in touch with the farmers; a man comes in there and all the atmosphere that surrounds the man that inspects and handles the grain is the point of view of the grain trade. Therefore, they believe and

he believed that the interest of the farmer and the grain men and the millers were the same. Since that time it has developed that there is a division of opinion about these grades between the farmer and the department and the millers.

"Now, then, who is right and who is entitled to consideration? Is it the farmer or is it the miller in this matter? Now, let us see. The Secretary was kind enough to show me, at my request, the telegrams that came in here yesterday from Portland, Oreg., asking that this hearing on red spring wheat, hard spring wheat, should be postponed until they could be here. Why, they would not know hard spring wheat from barley over there. They raise soft wheat.

"Mr. McMILLAN. They raise hard wheat.

"Mr. STEENERSON. That should be taken figuratively. I hope these gentlemen will bear with me; I do not want to be interrupted. I was simply saying that as a hyperbole. They do not know anything about red spring; they are not interested in it, yet they telegraph the Secretary to postpone the hearing until they can be here, and upon what ground? In the interest of the farmer? They are the philanthropists that will lift the farmer out of the slough of depression by having these grades fixed as they don't want them, and that is the tone of the telegrams. I know; I have received in the last two or three years letters from almost every one of these men on this matter of coming before Congress. I know their names—all of these mills that are in those telegrams. If you will read those telegrams you will notice that not one of them is appealing to the Secretary to protect the miller. Oh, no! They want protection for the farmer, and they say they know it will injure the farmer. And the question recurs here, Who are the best judges of the farmer's interest—the millers, the speculators and the elevator men, or the farmers themselves? Now, the farmers may not know so very much, but here in this case they are fortified by some pretty intelligent men. Here is Mr. Potter, the president of the Minnesota Farm Bureau; he is a farmer, recognized all over the United States as an authority on farming. Isn't it fair to say that he is prepared to know the interest of the farmer when he is running an elevator and trying to operate under these grades? Here is Mr. Bendixen, a farmer for 25 or 30 years. Does he know enough to know his own interest? Here is Senator Sageng, an actual farmer who has handled wheat, sold wheat, and shipped wheat, and been in the senate for a great many years.

"Is not he a pretty fair judge of the best interest of the farmer? Would he be here if he thought this was a fictitious issue and that the miller really was right or that it was for the benefit of the farmer to have these grades modified? And here are the professors; here is a professor in an agricultural college who is in charge of inspection in North Dakota; here is Dr. LADD, the United States Senator, who was here yesterday, and in harmony with the proposition that we advocate. And aside from all these, I will not mention the Railroad and Warehouse Commission of Minnesota, and the two States, because, as I have said, there seems to be an idea among some that they are prejudiced because they want more power in the States, but here are the Congressmen. Does anybody suppose that Mr. YOUNG, of North Dakota, does not really believe what he says? He has had experience in farming and legislated for farmers for 25 years. Now, does he know enough to know their interest, or does he not? Is the miller and the elevator man and the speculator, whether from Buffalo or anywhere else, a better judge of what is practically best for the farmer? Now, it seems to me that is the question here. We have been before the Secretary of Agriculture so many times; we have had it up before the committees of Congress on the proposition to take away the grain-grading authority from the Secretary's office and leave it in another body. I have heard another theory advanced that the farmers do not know their own interest. Now, it is not going to hurt them any to have these modifications. If so, let them show it up wherein they are going to lose money; but do not let them come in here and represent the farmer and say he is going to lose money, because the farmer is here represented so nobody can question; and it is not a sporadic case, it is a continuous struggle for nearly four years to have these grades modified. And it seems to me that in view of the new matters that have been brought up here; in view of the fact that the man that made these grades thought that at the time that when he served the miller he also served the farmer, and he was the dominating spirit in the making of these grades; in view of that fact, which was probably true at that time, true because this division had not occurred.

"Now, then, since this division of opinion between the farmers and the millers has occurred, we appeal to the authorities in behalf of the farmer, because he is the producer; God knows he has a hard time now; the price has been cut

in two and everything that he buys almost is as dear as ever. The farmers feel kindly toward this administration. They all speak of the wonderful speech that President Harding made at the Minnesota State Fair; you have heard it mentioned here; and they feel heartened by the friendly attitude of this administration, and the expressions of the Secretary of Agriculture in their behalf, and they feel confident that if the authorities can only see these things in the right light that they will have relief. It can not be possible that the millers understand this better than the farmers themselves. And it is also brought out here that the farmer, the small farmer, a great number of the majority, has to sell his wheat at the local elevator, the same as I now do, although I formerly shipped in carload lots. Those little farmers are the victims of these arbitrary grades, because it has been brought out here that the man who ships in carloads, if he has a good honest representative of the board of trade, he can sell his wheat by sample and it does not make much difference what the grades are. You can sell No. 3 at No. 1 price provided you have the right judgment. I have spent a great many days on the board of trade in Minneapolis and watched these samples and these buyers. They know how to test grain; they can test it to the finest point. They can have a reinspection chemically and everything, but the farmer can not do that. So that the buyers in the terminal markets can protect themselves, but the farmer, as has been explained here, is at the mercy of the elevator man and these grades and rules operating against him. They operate in favor of the man that does not need help because he can help himself. We, therefore, with confidence look forth to a change in these grades. Now, it may be suggested, I think it has been suggested, that the department has already passed on this, but if you will read Mr. Secretary Meredith's decision, if it may be so called, it is based on the theory that the time has not yet arrived to consider these changes. He says that they had only been tested under war-time conditions. The hearing was held in 1920; the grain corporation, the Federal Government, was still in the grain business in 1920. The 1919 crop was handled in part by the United States Grain Corporation.

"The raw crop did not come in until late in the summer, so that when that hearing was held it was true that the Federal Government was in the grain business and that it was not normal conditions. Therefore Secretary Meredith suggests that the time to take this up is after these grades have had a test in normal times. They have now had a year's test under normal times, and here are the men who have told you the results. So it is not res adjudicata of that question."

THE VALUE OF THE SAMPLE MARKET.

These are the grievances and injustices resulting from the enforcement of the Federal grades for spring wheat. Whether they could be entirely remedied by the proposed changes may well be doubted. But one thing seems clear, that the best way out of the difficulty is to enable the farmer to reach the sample market at the terminal, where grades are not controlling, but where the article can be sold on its intrinsic merit and value.

What has the controversy as to grades to do with the question of cooperative farm organizations to seats on the grain exchanges? That is what we are now to point out.

A great deal has been said about the value of standardization of farm products, so they can be sold unsight and unseen, on the brand or mark. That may be very good in some lines, but it has its limitations, especially when it comes to spring wheat. You can have a box of apples run through a sieve and have them uniform in size and of one variety, and you send them to market and they can not be manipulated. The same thing may be said about potatoes and many other products which can be safely sold and bought upon the grade or standard. Not so with wheat. Anyone who will thoughtfully consider what I have said will readily see that the grade often fails to indicate the real milling value of the wheat, and that the grade can be changed by simply running a few cars of different grades through an elevator and mixing them, or the moisture may be reduced or foreign material taken out. That is the reason why in the great milling centers and terminal markets of Minneapolis and Duluth wheat, although inspected and graded as the cars come in, is largely sold by sample on its milling value and at a premium over the original grade price. A car of No. 2 by reason of one-half per cent excess rye may be 60 pounds test weight, and so dry it only contains 12 per cent moisture, and a miller who may have many cars without rye admixture can well afford to pay 10 cents per bushel premium over the grade price.

Millions and millions of bushels more of No. 1 wheat are taken out of the terminal elevators annually than are put in. It goes in as one grade and comes out as another. A good deal is said about the wheat exported, and that it fixes the price here.

The exporter gives just what the grade requires and no more. If he buys 60-pound wheat with 10 per cent moisture, he either sells it to the local miller or mixes it down so it just fills the requirements and ships. But the wheat grower at the country elevator gets no premium.

The farmers' cooperative organizations, or a federation of such organizations, desire to have their own men on these exchanges whose sole business it shall be to do the best possible for them in the market. By so doing millions of dollars would be saved to the wheat growers annually. When we find that under the present conditions a farmer who has 1,000 bushels of wheat of the best quality is penalized 43 cents, or \$430, because there is 5 per cent of wild peas mixed in it, which at the terminal can be taken out at an expense of \$20, or 2 cents per bushel, and then sold for feed, we can easily understand the enormous profits to the middleman who buys on the grade price. The way to avoid this enormous loss to the farmer is to reach the sample market at the terminals, and this can only be successfully done through farmers' cooperative associations by men of their own choosing. It is a most important section and the most practical section there is in this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota? [After a pause.] The Chair hears none.

Mr. STEENERSON. The Secretary of Agriculture, having refused to modify the grades, I have introduced the following bill:

A bill (H. R. 6379) prescribing standards and grades for spring wheat.

Be it enacted, etc., That the grain standards and grades for spring wheat heretofore fixed, established, and promulgated by the Secretary of Agriculture under authority of the United States Grain Standards Act and now in force, are hereby changed and modified so that that part of the regulations relating to spring wheat shall read as follows:

CLASS 1.

HARD RED SPRING.

This class shall include all varieties of hard red spring wheat and may include not more than 10 per cent of other wheat or wheats.

CLASS 2.

DURUM.

This class shall include all varieties of durum wheat and may include not more than 10 per cent of other wheat or wheats. This class shall be divided into four subclasses, as follows:

AMBER DURUM.

This subclass shall include wheat of the class durum consisting of 75 per cent or more of hard and vitreous kernels of amber color. This subclass shall not include more than 10 per cent of wheat of the variety red durum.

DURUM.

This subclass shall include wheat of the class durum consisting of less than 75 per cent of hard and vitreous kernels of amber color. This subclass shall not include more than 10 per cent of wheat of the variety red durum.

RED DURUM.

This subclass shall include wheat of the class durum consisting of more than 10 per cent of the variety red durum.

DURUM MIXED.

This subclass shall contain 80 per cent durum, of which not more than 10 per cent shall be red durum, and 20 per cent of wheat of other classes.

GRADE REQUIREMENTS.

HARD RED SPRING WHEAT.

This class shall be divided into five grades, as follows:

Grade 1—

- (a) Shall be cool and sweet;
- (b) Shall test weight of 57 pounds per bushel;
- (c) May contain not more than 15 per cent moisture;
- (d) May contain not more than 2 per cent of rye, and all foreign material, except rye, shall be considered dockage;
- (e) May contain not more than 2 per cent of damaged kernels, which may include not more than one-tenth of 1 per cent of heat-damaged kernels;
- (f) May contain not more than 5 per cent of wheat other than hard red spring, which 5 per cent may include not more

than 2½ per cent of common white and white club wheat, and 5 per cent of durum and winter wheat, either singly or in any combination; and

(g) May contain not more than 5 per cent of wheat of the variety humpback.

Grade 2—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 55 pounds;
- (c) May contain not more than 15 per cent of moisture;
- (d) May contain not more than 3 per cent of rye, and all foreign material, except rye, shall be considered dockage;
- (e) May contain not more than 4 per cent of damaged kernels, which may include not more than two-tenths of 1 per cent of heat-damaged kernels; and
- (f) May contain not more than 6 per cent of wheat other than hard red spring, which 6 per cent may include not more than 3 per cent of common white and club wheat and 6 per cent of durum and winter wheat, either singly or in any combination.

Grade 3—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 53 pounds;
- (c) May contain not more than 15 per cent of moisture;
- (d) May contain not more than 4 per cent of rye, and all foreign material, except rye, shall be considered dockage;
- (e) May contain not more than 7 per cent of damaged kernels, which may include not more than five-tenths of 1 per cent of heat-damaged kernels;
- (f) May contain not more than 8 per cent of wheat other than hard red spring, which 8 per cent may include not more than 4 per cent of common white and club wheat, and 8 per cent of durum and winter wheat, either singly or in any combination.

Grade 4—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 50 pounds;
- (c) May contain not more than 16 per cent of moisture;
- (d) May contain not more than 5 per cent of rye, and all foreign material, except rye, shall be considered dockage;
- (e) May contain not more than 10 per cent of wheat other than hard red spring, which 10 per cent may include not more than 5 per cent of common white and club wheat and 10 per cent of durum and winter wheat, either singly or in any combination.

SAMPLE.

Shall be wheat which does not come within the requirements of any of the grades from No. 1 to No. 4, inclusive, or which has any commercially objectionable foreign odor except of smut, garlic, or wild onions, or is very sour, or is heating, hot, infested with live weevils or other insects injurious to stored grain, or is otherwise of distinctly low quality, or contains small, inseparable stones or cinders.

DURUM WHEAT.

Grades for durum wheat: The subclasses amber durum, durum, red durum, and durum mixed shall be divided into five grades for each subclass, as follows:

Grade 1—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 60 pounds;
- (c) May contain not more than 15 per cent of moisture;
- (d) May contain not more than 2 per cent of rye, and all foreign material, except rye, shall be considered dockage;
- (e) May contain not more than 2 per cent of damaged kernels, which may include not more than one-tenth of 1 per cent of heat-damaged kernels;
- (f) May contain not more than 5 per cent of wheat other than durum, which 5 per cent may include not more than 2½ per cent of common white and white club wheat and 5 per cent of winter wheat, either singly or in any combination; and
- (g) May contain not more than 5 per cent of wheat of the variety red durum in either No. 1 amber durum or No. 1 durum.

Grade 2—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 58 pounds;
- (c) May contain not more than 15 per cent of moisture;
- (d) May contain not more than 3 per cent of rye, and all foreign material except rye shall be considered dockage;
- (e) May contain not more than 4 per cent of damaged kernels, which may include not more than two-tenths of 1 per cent of heat-damaged kernels; and
- (f) May contain not more than 6 per cent of wheat other than durum, which 6 per cent may include not more than 3

per cent of common white and club wheat and 6 per cent of winter wheat, either singly or in any combination.

Grade 3—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 56 pounds;
- (c) May contain not more than 15 per cent of moisture;
- (d) May contain not more than 4 per cent of rye, and all foreign material except rye shall be considered dockage;
- (e) May contain not more than 7 per cent of damaged kernels, which may include not more than five-tenths of 1 per cent of heat-damaged kernels;
- (f) May contain not more than 8 per cent of wheat other than durum, which 8 per cent may include not more than 4 per cent of common white and club wheat, and 8 per cent of winter wheat, either singly or in any combination.

Grade 4—

- (a) Shall be cool and sweet;
- (b) Shall have a test weight per bushel of at least 54 pounds;
- (c) May contain not more than 16 per cent of moisture;
- (d) May contain not more than 5 per cent of rye, and all foreign material, except rye, shall be considered dockage;
- (e) May contain not more than 10 per cent of wheat other than durum, which 10 per cent may include not more than 5 per cent of common white and club wheat and 10 per cent winter wheat, either singly or in any combination.

SAMPLE.

Shall be wheat of the subclass amber durum, durum, red durum, or durum mixed, respectively, which does not come within the requirements of any of the grades from No. 1 to No. 4, inclusive, or which has any commercially objectionable foreign odor except of smut, garlic, or wild onions, or is very sour, or is heating, hot, infested with live weevils or other insects injurious to stored grain, or is otherwise of distinctly low quality, or contains small, inseparable stones or cinders.

SEC. 2. That this act shall take effect and be in force 90 days after its passage.

Mr. TINCER. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. CHINDBLOM. Reserving the right to object, how many will that provide for?

The CHAIRMAN. The gentleman from Kansas asks unanimous consent that all debate on the amendment and section be closed in 15 minutes. Is there objection?

Mr. KELLY of Pennsylvania. Reserving the right to object, I would like to know what that includes.

The CHAIRMAN. The Chair understands it includes section 5 and the pending amendment and all amendments to the pending amendment.

Mr. KELLY of Pennsylvania. It should not include all the amendments, because I have an amendment I want to offer.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. JEFFERIS. I object.

Mr. TINCER. Mr. Chairman, I ask unanimous consent that all debate on the section and amendments to the amendment close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. SANDERS of Indiana. Reserving the right to object, I want to ask the chairman a question. This is the most important section of the bill, and we do not know what amendments are going to be offered, and will not the chairman let the debate run on a little before he makes the request?

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to close debate on the section, the pending amendment, and all amendments thereto in 25 minutes, not excluding the time allowed the gentleman from Minnesota. Is there objection?

Mr. KELLY of Pennsylvania. That will not prevent my offering a perfecting amendment?

The CHAIRMAN. It will not; but there will be no debate on the amendment after 30 minutes. Is there objection? The Chair hears none.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. CHINDBLOM. Mr. Chairman, many years ago I read a book which was sent to me in the interest of a propaganda at that time and which was entitled "Government and Company, Limited." That appellation, it seems to me, might well be used

in describing the organization which is provided by this section 5—"Government and Company, Limited." The Government is going to take charge of the boards of trade and similar exchanges in the United States. The Secretary of Agriculture is vested with absolute irrevocable power to determine what boards of trade shall be permitted to operate without paying the tax of 20 cents per bushel. More than that, he is given the discretion of determining what amount of this so-called gambling shall be permitted upon a board of trade. Read paragraph (d). In it the Secretary of Agriculture is authorized to designate boards of trade as "contract markets" under certain conditions, one of them being, as stated in paragraph (d):

(d) When the government thereof provides for the prevention of the manipulation of prices by the dealers or operators upon such board, including a reasonable limitation upon the total quantity of grain of the same kind covered by contracts unfulfilled or unsettled at any one time by or on behalf of the same person commonly called "open trades" in speculative transactions.

It seems to me that the gentlemen who framed this bill, after having reached the conclusion that there is no way under which they could provide by legislation for the control of speculation on a board of trade, concluded they would pass that question on to the Secretary of Agriculture, and now the Secretary of Agriculture gets carte blanche authority to determine what is reasonable speculation upon the total quantity of grain in "open trades" in speculative transactions.

Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. CHINDBLOM. I do.

Mr. NEWTON of Minnesota. Does the gentleman understand the language the way I understand it? As I understand it, it prescribes that the governing board—that, at least, is what is meant—the governing board of the exchange shall provide rules and regulations against manipulation on the market.

Mr. CHINDBLOM. Certainly; and the Secretary of Agriculture is to determine whether they have adopted proper rules.

Mr. NEWTON of Minnesota. That is as I understand it.

Mr. JONES of Texas. Will the gentleman yield?

Mr. CHINDBLOM. For a brief question.

Mr. JONES of Texas. I just want to tell the gentleman that as to the provision limiting the amount, the bill as originally drafted did not contain it, and it was put in there at the suggestion of the Secretary of Agriculture because he thought it would help him in controlling it.

Mr. CHINDBLOM. If you will read the hearings you will find various members of the committee were afraid of limiting these transactions because they did not know what limit might be necessary to protect hedging in their home districts. Now, Mr. Chairman—

Mr. HAUGEN. Will the gentleman yield?

Mr. CHINDBLOM. I am going to lose all the time I have to discuss the bill if I yield further. It seems to me we have reached the point where we are going to put back the grain business in the country just exactly where it was under the Food Administration during the war. As a matter of fact, I think one of the most unfortunate results of the war was the continued tendency to maintain organizations which were necessarily established during the war, and where such organizations have been already disbanded to reestablish them in some sort of way. The Secretary of Agriculture at present is a most estimable gentleman; I have no quarrel with him; but no business interests should be placed under the absolute domination and control of any member of the Cabinet of the President of the United States or of any other administrative officer.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, I rise to support the amendment offered by the gentleman from Michigan. I have no quarrel with the gentleman from Minnesota when he says under certain regulations cooperative organizations ought to be permitted to become members of these exchanges. I agree with him entirely, but this paragraph, subdivision (e), page 5, provides that they must be admitted without any regulations whatever. The organization is not allowed to fix any restriction upon them, and so far as I can see the effect will necessarily be the dissolution of the boards of trade, because a board of trade could not have as its members a portion thereof who were not subject to any regulations whatever. Now, the amendment proposed by the gentleman from Michigan is not a far-reaching one nor a rigid one. It proposes that they shall be admitted and put under such reasonable regulations as the Secretary of War may fix for that purpose.

Surely, gentlemen could not expect that they should be admitted without any regulations, and if we are not to prescribe the regulations in the bill—and I think we will all agree that we could not very well do that—then who better may determine under what regulations they should be admitted than the Secretary of Agriculture?

Mr. Chairman, like the gentleman from Indiana [Mr. BLAND], I have been uncertain about the effect of this bill, and I am somewhat fearful that it may do more harm than good. If the paragraph under consideration is allowed to stand in its present form, it could not be beneficial. But the fears I have in mind are founded upon theory rather than fact, because the effect of provisions similar to those in this bill have never been tested. I may be entirely wrong. I hope I am. In any event, I think it will be worth while to pass the bill in order that we may settle this question of whether the dealings that are sought to be prohibited by it are harmful. Some of these questions ought to be settled, and the only way to settle them is by trial. The effect it will have will be, on the whole, for the benefit of the farmer and prevent the further depression of agricultural products.

Now, I am not impressed by what the gentleman from South Carolina [Mr. STEVENSON] said with reference to the experience with cotton. If I know anything about cotton prices, and I think I do somewhat, although I do not live in a cotton region, there is no agricultural commodity that has depreciated faster in the last year or two, or gone down more in proportion to prewar prices, than cotton has. If the provisions that were enacted, in reference to dealings in cotton exchanges, have had no effect—and they are similar to this—then this bill will have no effect. But, Mr. Chairman, I think this experiment ought to be tried. I think it is worth while to try it, and for that reason I shall support the bill if its provisions are reasonable with reference to exchanges. But it seems to me that to leave subdivision (e) as it stands would have the effect to make the carrying on of these exchanges, the great grain exchanges in Chicago and elsewhere, absolutely impossible, because there would be certain members subject to no regulations whatever.

Surely we do not want to do that. The closing of the board of trade in Chicago even for a few weeks would inflict an enormous loss on the farmer.

There are other provisions in this bill that I do not approve, but I believe they will be changed before it becomes a law. I have great confidence in the combined wisdom of the Agricultural Committees of the House and Senate and believe that I can in the end rely on their judgment better than my own.

Mr. KELLY of Pennsylvania. Mr. Chairman, I desire to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KELLY of Pennsylvania. First, is the vote to be taken on this pending amendment and then other amendments to be offered, or all of them voted on at the same time?

The CHAIRMAN. The Chair would suggest that the amendments may be considered as pending.

Mr. KELLY of Pennsylvania. I have a separate amendment which I wish to offer.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. KELLY of Pennsylvania: Page 4, line 20, after the word "a," strike out the word "reasonable," and after the word "limitation" add "to be fixed by the Secretary of Agriculture."

Mr. KELLY of Pennsylvania. Mr. Chairman, I shall vote for this bill as a step in the right direction, but I regret that it does not go further.

The first lines of this subsection (d) express a most worthy purpose, that of preventing the manipulation of prices. That is the real evil to be cured and it should be met effectively.

The wiping out of such transactions as "puts" and "calls" in bucket shops will not meet the situation and the real gamblers on the grain exchanges know that very well. They have spent money and waged campaigns in the past to end the competition of these petty gamblers.

"Puts" and "calls" are simply bets on the price of wheat or other grain. If wheat closes to-day at 90 cents the buyer of the "put" offers to bet \$5 that the next day the market will drop to a price under 89½ cents, so that he will be able to "put" the wheat at that price and make a profit. The "call" is just the opposite. The buyer bets that wheat will go to a point above 90½ cents so that he may "call" the wheat and sell at a profit at that price.

Such bucket-shop operations do not fix the price of wheat. They are simply bets on the results of the work of manipulators who do influence the price.

In 1914 the Rules Committee of this House held extensive hearings into bills relating to grain exchanges. The president of the Chicago Board of Trade and members of the board appeared as witnesses. It was declared by experienced men that the change of a single cent per bushel of grain through manipulation changed values in this country \$50,000,000. It was shown

that on some occasions prices varied 17 cents a bushel in a single day.

That meant vast changes in values and resulting injury to many persons. The manipulators profited but the producer and the consumer suffered.

At that hearing S. H. Greeley, a former member of the Chicago Board of Trade, testified as follows:

I know what future trading is. I have been in it. I was brought up in it; bred in it from youth. No man on the board of trade that knows anything will deny that in the wheat pit alone, on an average, every day of the year the total amount of the purchases, plus the total amount of the sales in the futures, will at least total 25,000,000 a day, from 9.30 in the morning to 1.15 in the afternoon.

Remember also that less than 25,000,000 bushels of wheat came to Chicago in a year, and here is a trade of 25,000,000 in one forenoon. He goes on to say:

There are those who have boasted that they have traded in 20,000,000 a day, a single firm. Think of it. I myself, although I have been a little dealer, what you might almost term an "insignificant trader," have many a day traded 500,000 bushels to 1,000,000 bushels, and never thought much about it myself at the time.

That is the kind of trading which works injury. The cost of distributing foodstuffs in this country is vastly too high, even with the elimination of all parasites who never handle a bushel of wheat or other grain, but who levy toll just the same.

It seems to me that we should make a determined effort to put all gamblers in foodstuffs out of business. It is not a question of Government interfering with legitimate business; it is a question of abolishing evil practices which work great injury to the American public. It is a governmental duty to prevent any set of men, through a series of chalk marks on a blackboard in a gambling grain exchange, from fixing the prices which a farmer must take for his grain and a consumer pay for his bread.

I seek in my amendment to provide that a definite limitation shall be put upon these deals in imaginary grain, and that the Secretary of Agriculture shall fix that limitation. I have heard it said that the Secretary will have that power under the bill, but I doubt it, as a practical proposition.

Mr. KINCHELOE. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Let me finish the statement. I believe this bill gives him the power to approve a limitation suggested by the grain exchange, but if he finds later that it is not the proper limitation and the question goes to court it may be declared that he has no further jurisdiction under the provisions of section 6 of the bill. I want it specifically stated that the Secretary shall have power to say that any person or firm or association shall not go above a proper limitation in the handling of these deals in futures and that the use of "dummies" shall not completely nullify the intent of this bill. Now I yield to the gentleman from Kentucky.

Mr. KINCHELOE. Under your amendment you propose to have the supervision carried on by the Secretary of Agriculture?

Mr. KELLY of Pennsylvania. Yes.

Mr. KINCHELOE. Under this bill, before he designates a central market, they fix the limitation.

Mr. KELLY of Pennsylvania. He can designate a grain exchange as a central market upon a limitation set by the grain exchange. That is their action. I would like to see it the affirmative duty of the Secretary to fix the limitation and then change it as conditions warrant. I believe there is a possibility that he will have no such power under this bill.

Mr. Chairman, there is nothing more legitimate than grain raising, and there should be nothing more illegitimate than grain gambling. Let the law of supply and demand fix the price of foodstuffs, not the law or whim of great speculators who never touch a bushel of grain.

This bill will help to turn the searchlight of publicity upon the whole business and will help in the final remedy of this great evil. I believe, however, that it might be strengthened by giving the representative of the United States Government the right to absolutely control all trading in futures, and I hope the committee will agree to my amendment.

Mr. KETCHAM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KETCHAM: Page 5, at the end of the section, after the last word of the amendment offered by Mr. McLAUGHLIN of Michigan, add: "Provided, That nothing in this section shall be construed to abridge the right of such cooperative association to permit the division of its profits according to its own by-laws."

The CHAIRMAN. Does the gentleman offer that as an amendment to the amendment?

Mr. KETCHAM. I offer it as a perfecting amendment.

I desire, Mr. Chairman, just to make this statement, that I agree entirely with my colleague [Mr. McLAUGHLIN of Michigan] as to the desirability of his amendment with reference to requiring cooperative organizations, if they gain a place on the boards of trade, to conform to the rules and regulations. But I think it is a common understanding that one of the great points of division between them is at this very point, which is vital to every cooperative association—in fact, the very life of it—the method by which its profits shall be divided. Therefore, with this proviso, it seems to me this amendment which has been proposed by my colleague is very desirable, and I hope it will be adopted.

Mr. GREEN of Iowa. I do not know what study the gentleman has given to the subject, but for my part I think the amendment is very good.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. CHINDBLOM. I would like to ask the gentleman whether the effect of his amendment is not to limit the liability of the association for its membership?

Mr. KETCHAM. No. It is in accordance with all their other rules, except for this proviso.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, the amendment of the gentleman is entirely unnecessary. It is simply a direction in one respect to the Secretary of Agriculture as to what his findings shall be respecting the rules and regulations of the boards of trade. In my judgment he ought to be left free to exercise his judgment. I agree with the gentleman that one rule of the exchange invoked against farm organizations is unreasonable, in that those organizations are charged with splitting commissions, which is forbidden to all members of exchanges, and the rule says a division of profits at the end of the year or at the end of a season is equivalent to a splitting of commissions. But if you are going to take up this thing by suggestions put into this law to manacle the Secretary and tie his hands by one means and another, it seems to me it would be unwise.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. NEWTON of Minnesota. Mr. Chairman, I rise to oppose the motion of the gentleman from Michigan [Mr. KETCHAM]. It seems to me that if this matter is to be left to the Secretary of Agriculture it would be very unwise and very undesirable, as the other gentleman from Michigan [Mr. McLAUGHLIN] has just stated, to tie his hands and to prescribe in advance that this method or that method should be pursued.

Now, in reference to the contention of the gentleman from Pennsylvania [Mr. KELLY] as to subdivision (d), it will be noted that the first paragraph of section 5 provides that the Secretary of Agriculture is hereby authorized and directed to designate boards of trade as contract markets when, and only when, such boards of trade comply with certain conditions. Subdivision (d) is one of the conditions, and that condition is that the governing boards of the exchanges shall provide by their rules for the prevention of manipulation of prices by dealers on such boards, including, as the language of the bill is drawn, "a reasonable limitation upon the total quantity of grain of the same kind," and so forth.

Now, anyone reading the hearings will appreciate how perplexing a problem that question of a limitation on the trade presented, not only to the committee but also to the Secretary of Agriculture, who favored the measure. I think it was the disposition of a good many to fix in the bill a specific limitation, but the objection was made that a limitation made in one season of the year would not fit another season in the year, and so it was thought best by the committee and by the Secretary to leave it to the boards, subject to regulation by the Secretary.

But the amendment of the gentleman from Pennsylvania [Mr. KELLY] strikes out the word "reasonable." The gentleman from Pennsylvania would not only go to the length of this bill, and confer upon the Secretary this power, which is quite questionable, but he would also strike from the provision regarding it any question of reasonableness. He might fix it at 1 bushel or he might fix it at 1,000,000 bushels. It seems to me, if you are going to legislate, we should at least have a limitation of reasonableness upon the action of the Secretary.

Mr. KELLY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. NEWTON of Minnesota. Yes.

Mr. KELLY of Pennsylvania. I agree with the gentleman as to the word "reasonableness," but the gentleman has just suggested that there will be a difference in the different times of the year. Suppose the Secretary goes to court and the court says he has no jurisdiction over that. What shall we do?

Mr. NEWTON of Minnesota. I do not think the court will take such a position, but I do think that the people of this

country will take such a position as to the passage of an act conferring such power on the Secretary without any limitation as to reasonableness. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. TINCHER. Mr. Chairman, so far as I am concerned, as to the amendment of the gentleman from Michigan I have no likes or dislikes concerning it. I think the present Secretary of Agriculture has a very definite idea as to whether these cooperative associations should have the right to join an exchange; and whether the amendment prevails or not, I do not think, if this bill becomes a law, they will be barred from the exchanges because of the way they contemplate spending their profits.

As to the matter suggested by the gentleman from Pennsylvania [Mr. KELLY], it was considered very carefully by us. It is quite an important proposition in this bill, and we decided that to give the Secretary of Agriculture authority to require the exchanges to have rules and regulations, involving, if necessary, the placing of a limitation upon certain classes of trade, would be going far enough, and while I feel that the trade and the country and everyone will be perfectly safe so long as the present occupant of the position of Secretary of Agriculture continues in his place—a man familiar with the subject, as the present Secretary of Agriculture is—yet I do not for the present want to go to the extent of saying to any man who is Secretary of Agriculture, "You shall have the power to fix the limitations" and amend this bill in that respect. I would prefer to have the section passed as it is, so that we can have an opportunity to try the law in this form.

Mr. SANDERS of Indiana. Do any of these boards of trade now have regulations fixing the amount?

Mr. TINCHER. No; but the boards of trade with whose members we have talked about it rather encourage the proposition that it would not be bad to have the limitation. I will say to the gentleman that the men representing the legitimate trade, who appeared before our committee representing various boards of trade, are, I believe, in good faith opposed to the manipulator of the market; and that sometimes the absence of a limit affords an opportunity to manipulate the market.

Mr. SANDERS of Indiana. What limit would the gentleman suggest with reference to the Board of Trade of Chicago?

Mr. TINCHER. Different members suggested different amounts.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The question is on the amendment of the gentleman from Pennsylvania [Mr. KELLY].

The amendment was rejected.

The CHAIRMAN. The next question is on the amendment of the gentleman from Michigan [Mr. KETCHAM] to the amendment of the gentleman from Michigan [Mr. McLAUGHLIN].

Mr. KETCHAM. May I request, Mr. Chairman, that both amendments be read?

The CHAIRMAN. Without objection, the amendment and the amendment to the amendment will be again reported.

The Clerk read as follows:

Amendment by Mr. McLAUGHLIN of Michigan: Page 5, line 4, at the end of the line add the following: "Provided, That any such association or its representative applying for admission to membership on a board of trade be able to and shall comply with and conform to all rules and regulations of such board if the same have the approval of the Secretary of Agriculture."

Also the following:

Amendment by Mr. KETCHAM to the amendment offered by Mr. McLAUGHLIN of Michigan: At the end of the amendment add: "Provided, That nothing in this section shall be construed to abridge the right of such cooperative association to prevent the division of its profits according to its own by-laws."

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment of the gentleman from Michigan [Mr. McLAUGHLIN].

The question was taken; and on a division (demanded by Mr. KINCHELOE) there were—ayes 35, noes 27.

Accordingly the amendment was agreed to.

Mr. PURNELL. Mr. Chairman, I desire to offer a perfecting amendment: On page 3, line 24, after the word "when," strike out the words "the government thereof" and insert in lieu thereof the words "said board."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PURNELL: Page 3, line 24, strike out the words "the government thereof" and insert in lieu thereof the words "said board."

Mr. McLAUGHLIN of Michigan. Mr. Chairman, the trouble with that is that we are not talking about any board, so when you speak of "said board" it does not mean anything.

Mr. CHINDELOM. What does "thereof" refer to?

Mr. PURNELL. Mr. Chairman, notwithstanding the previous agreement, I ask unanimous consent that we may have five minutes in which to discuss this. I think it is very important that we change the phraseology, so that there will be no question about what it means.

The CHAIRMAN. The gentleman asks unanimous consent that, notwithstanding the agreement to limit debate, he have five minutes in which to discuss the amendment. Is there objection?

Mr. ASWELL. I object.

The CHAIRMAN. Objection is made. The question is on the amendment.

Mr. SANDERS of Indiana. I ask unanimous consent that my colleague may have two minutes in which to explain it. Of course, this limit of debate should not have been fixed.

The CHAIRMAN. The gentleman is speaking out of order now. The question is on the request that the gentleman from Indiana [Mr. PURNELL] have two minutes. Is there objection? There was no objection.

Mr. PURNELL. Mr. Chairman, I have no particular pride of authorship in the words. Some one has suggested that the words "the governing board" be used. Certainly it is ambiguous to say "the government thereof." Everybody knows that refers to boards of trade. I merely want to correct the verbiage so that it will have some semblance of sense. [Laughter.] I ask unanimous consent to withdraw my amendment and instead of that to strike out, after the word "when," the words "the government thereof" and insert in lieu thereof the words "the governing board thereof."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Indiana.

The Clerk read as follows:

Modified amendment by Mr. PURNELL: Page 3, line 24, strike out the words "the government thereof" and insert in lieu thereof the words "the governing board thereof."

The CHAIRMAN. The question is on the amendment.

The question being taken, on a division (demanded by Mr. PURNELL) there were—ayes 33, noes 12.

Accordingly the amendment was agreed to.

Mr. PURNELL. Mr. Chairman, on page 4, line 13, after the word "when," I move to strike out the words "the government thereof" and insert in lieu thereof "the governing board thereof."

Mr. KINCHELOE. Let me suggest to the gentleman that the committee sat down and spent half a day on the verbiage of this bill, and I think as far as that is concerned it ought to be satisfactory to the gentleman.

The CHAIRMAN. The Chair will call attention to the fact that debate on this section has been closed. The question is on the amendment offered by the gentleman from Indiana [Mr. PURNELL].

The question being taken, on a division (demanded by Mr. PURNELL) there were—ayes 33, noes 18.

Accordingly the amendment was agreed to.

Mr. PURNELL. Mr. Chairman, I offer another amendment. On page 4, line 18, after the word "when," to strike out the words "the government thereof" and insert in lieu thereof the words "the governing board thereof."

Mr. JONES of Texas. I offer an amendment to the amendment to strike out from the amendment the word "board" and insert "authority," so that it will read "when the governing authority thereof."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas to the amendment of the gentleman from Indiana.

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question being taken, on a division (demanded by Mr. PURNELL) there were—ayes 36, noes 14.

Accordingly the amendment was agreed to.

Mr. PURNELL. Mr. Chairman, I offer an amendment. On page 5, line 1, after the word "when," strike out the words "the government thereof" and insert in lieu thereof the words "the governing board thereof."

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PURNELL: On page 5, line 1, after the word "when," strike out the words "the government thereof" and insert in lieu thereof the words "the governing board thereof."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. PURNELL].

The amendment was agreed to.

Mr. HUTCHINSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 5, line 3, after the word "trade," insert "any duly authorized executive officer of any."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. NEWTON of Minnesota) there were 30 ayes and 10 noes.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 6. That any board of trade desiring to be designated a "contract market" shall make application to the Secretary of Agriculture for such designation and accompany the same with a showing that it complies with the above conditions, and with a sufficient assurance that it will continue to comply with the above requirements. The Secretary of Agriculture is authorized to suspend for a period not to exceed six months or to revoke the designation of any board of trade as a "contract market" upon a showing that such board of trade has failed or is failing to comply with the above requirements or is not enforcing its rules of government made a condition of its designation as set forth in section 5. Such suspension or revocation shall only be after a notice to the officers of the board of trade affected and upon a hearing: *Provided*, That such suspension or revocation shall be final and conclusive unless within 15 days after such suspension or revocation by the Secretary of Agriculture such board of trade appeals to the circuit court of appeals for the circuit in which it has its principal place of business by filing with the clerk of such court a written petition praying that the order of the Secretary of Agriculture be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such board of trade will pay the costs of the proceedings if the court so directs. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to the Secretary of Agriculture, and the Secretary of Agriculture shall forthwith prepare, certify, and file in the court a full and accurate transcript of the record in such proceedings, including the notice to the board of trade, a copy of the charges, the evidence, and the report and order. The testimony and evidence taken or submitted before the Secretary of Agriculture duly certified and filed as aforesaid as a part of the record, shall be considered by the court as the evidence in the case. The proceedings in such cases in the circuit court of appeals shall be made a preferred cause and shall be expedited in every way. Such a court may affirm or set aside the order of the commission or may direct the Secretary of Agriculture to modify his order. No such order of the Secretary of Agriculture shall be modified or set aside by the circuit court of appeals unless it is shown by the board of trade that the order is unsupported by the weight of the evidence or was issued without due notice and a reasonable opportunity having been afforded to such board of trade for a hearing, or infringes the Constitution of the United States, or is beyond the jurisdiction of the Secretary of Agriculture.

Mr. HILL. Mr. Chairman, I move to strike out the last word. Mr. Chairman and gentlemen of the committee, Baltimore is one of the greatest grain-export ports in the country. I am just in receipt of a telegram from the Baltimore Chamber of Commerce, signed by A. W. Mears, vice president. Yesterday when this bill was taken up by this committee I, knowing little about the bill or about the grain business, telegraphed to the board of trade in Baltimore, the Merchants' and Manufacturers' Association of Baltimore, the Export Board of Trade, and two other grain organizations. I was advised last night by telephone that the chamber of commerce was the organization that knew about the grain-export business. That chamber of commerce held a special meeting this morning on the floor of the chamber, as I am advised, and I have received the following expression of their opinion which will govern my action on this bill.

Mr. DICKINSON. Have they read the bill?

Mr. HILL. Yes; I sent him two copies.

Mr. DICKINSON. Does the gentleman know how large the export of wheat is out of the United States?

Mr. HILL. No; I do not know.

Mr. DICKINSON. Does the gentleman know that it is less than 10 per cent—

Mr. HILL. I do not know anything about it.

The telegram is as follows:

BALTIMORE, Md., May 12, 1921.

Hon. JOHN PHILIP HILL,
House of Representatives, Washington, D. C.:

We strongly protest against passage of bill H. R. 5676. Bill as framed would restrict free and open market and cause serious hardship to grain dealers and producers. To finance and handle movement economically banks and merchants must have open-market protection. Governmental control of marketing farm products is impracticable and unnecessary.

BALTIMORE CHAMBER OF COMMERCE.
A. W. MEARS, Vice President.

Mr. TEN EYCK. Did the gentleman make any effort to consult the producers in the State of Maryland to ascertain their attitude on the bill?

Mr. HILL. I may say that there is very little grain production in Baltimore City, and I represent Baltimore City.

Mr. TEN EYCK. Did he communicate with the large number of consumers in Baltimore?

Mr. HILL. I did not, except through the board of trade.

Mr. TINCER. How many directors were present at this meeting of the chamber of commerce?

Mr. HILL. I do not know. One or two gentlemen who appeared before your committee were present, and whose names appear in the record. As I understand, this was the regular meeting of the board of trade this morning.

Mr. PURNELL. Will the gentleman point out the specific objection that he has to this bill?

Mr. HILL. I consider it an unwarranted interference with private enterprise.

Mr. KINCHELOE. Knowing how the gentleman is situated and the constituents he represents, does not the gentleman think that the reading of the telegram ought to be incontrovertible proof and justification for the rest of us, who represent consumers and producers, to vote for the bill?

Mr. HILL. No; I do not think that is necessarily true. The fact that some one might object to rye because it is sometimes made into a certain intoxicating beverage is no reason why rye is not good chicken feed. [Laughter.] Mr. Chairman, I withdraw the pro forma amendment.

Mr. STEVENSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, line 17, after the word "the," strike out "commission" and insert "Secretary of Agriculture."

Mr. STEVENSON. Mr. Chairman, I am not going to oppose the amendment, but I desire recognition on it. I am not like the gentleman from Baltimore in some respects. I am in favor of this bill, but it strikes me that the section we are now considering is liable to very successful legal assault. I do not know whether there has been any decision or not, but the Secretary of Agriculture is here created as a court to try and determine the rights of the board of trade on complaint made to the Secretary of Agriculture. If he makes a decision adverse to the board of trade then the board of trade is given authority to appeal to the circuit court of appeals, which emphasizes the fact that the Secretary of Agriculture is being constituted a trial court to try a legal matter. And when it goes to the court of appeals the Secretary of Agriculture is authorized to make up a transcript, without any provision for corrections, if there are any differences between the Secretary of Agriculture and the board of trade. Then it provides that the appeal is on that transcript and on nothing else, and the court is to affirm or reverse or modify as it may see fit on the record made by the Secretary of Agriculture.

The gentleman from Kansas is a good lawyer, and I suppose he has looked up the precedents. But it strikes me that he has left this wide open to attack by any board of trade that goes into the courts on the ground that they have given judicial powers to an executive officer not otherwise clothed with the powers of a court.

Mr. KINCHELOE. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. KINCHELOE. If I am not mistaken, if the gentleman will examine the cotton future bill, and the Volstead bill we passed the other day, incorporating farm organizations, he will find that the procedure is the same.

Mr. STEVENSON. No; the Volstead bill provided that if the Secretary of Agriculture has passed on the matter there is an appeal to the Federal court, but in the Federal court it is passed upon de novo.

Mr. SANDERS of Indiana. And in this provision for this hearing before the Secretary of Agriculture there is no provision for compulsory attendance of witnesses.

Mr. STEVENSON. I do not find any.

Mr. SANDERS of Indiana. Since it must be tried on the transcript it would not be due process of law under the Constitution.

Mr. STEVENSON. There are many things which have been held to be due process of law, and while I will follow the gentleman, I think, on that, I am satisfied I am right that where you constitute a man, a court, to try a case, hear the testimony, provide that he and he alone can make up the transcript that goes to the court of appeals and provide what shall be an appeal from him to the court, it is purely a technical legal matter, and on the transcript he makes up it must be considered, I am satisfied that you are going to find that will be constituting an executive officer a judicial officer with very broad powers, and I am inclined to think the committee had better proceed slowly. I want to see the bill pass in such form that it will be right, although I do not propose to offer an amendment.

The United States Constitution provides that the executive, legislative, and judicial departments shall be forever kept separate.

Mr. TINCER. Mr. Chairman, the only thing I desire to suggest is the word "commission" was used by an oversight

and it is clear to any member of the committee that the words should be "Secretary of Agriculture."

Mr. CHINDBLOM. What commission; what is that meant to refer to?

Mr. TINCER. It was inadvertently used.

Mr. KINCHELOE. Mr. Chairman, in answer to the contention of the gentleman from South Carolina, I think under the proposition of law his contention would be good; but it is not affected by this procedure. When it goes to the court the proposition that the court has got to decide is whether or not the Secretary of Agriculture has exceeded the authority given by this act, and therefore they can not act intelligently upon the entire evidence except on the evidence upon which the Secretary of Agriculture acted himself.

Mr. TINCER. I do not think there is any prohibition of the authority that we give the Secretary of Agriculture by this law. I am sure we are not violating any constitutional or legal prohibition.

Mr. SANDERS of Indiana. The fact that the court will use the evidence that somebody else acted upon does not make it due process of law.

Mr. TINCER. Oh, no. Fifteen years ago I quit worrying about due process of law, and the courts, the gentleman will notice, have gradually gotten out of that. I know it is a nice thing to worry about due process of law, but there is no reason why Congress should not give the Secretary of Agriculture all the power that we are giving in this bill. There is nothing in the Constitution or any reason why the court should not decide whether he had exceeded that authority, and there is not any reason why Congress should not point out the procedure that the court would follow in arriving at that.

Mr. STEVENSON. Is not that the customary procedure when you appeal from one court to another? Is not that the customary procedure between final tribunals when you appeal from a lower to a higher court?

Mr. TINCER. I think from the question asked that the gentleman comes from a section where the practice of law is on the old theory. If the gentleman will come out where they really practice law in recent years, he will find that they have abandoned all that sort of thing.

Mr. STEVENSON. What I wanted to ask the gentleman is if it is not the exercise of judicial power in this instance?

Mr. TINCER. Mr. Chairman, I ask for a vote.

The question was taken, and the amendment was agreed to.

Mr. TINCER. Mr. Chairman, in line 18, strike out the words "Secretary of Agriculture" and insert the word "his."

The question was taken, and the amendment was agreed to.

Mr. EVANS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. EVANS: Page 6, line 21, after the word "unsupported," amend by striking out the word "the" and, in line 22, strike out the words "weight of the."

Mr. EVANS. Mr. Chairman, the purpose of this amendment is to take from the reviewing court the power to pass on the sufficiency of the evidence, the purpose being to give the Secretary of Agriculture the same force in his findings that is given to the finding of a jury. Now, therefore, it is, as was suggested by one of the members of the committee, the privilege of the court to pass only upon the legal questions involved. I think this should be done, because the act itself is administrative. It is not a legal question as to the sufficiency of the evidence, and the Secretary's findings ought to be conclusive as to the facts passed upon, unless there is no evidence in the case.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. EVANS. Certainly.

Mr. CHINDBLOM. Is it the purpose of the gentleman to perfect the law so as to make the authority of the Secretary of Agriculture as absolutely binding and irrevocable as possible?

Mr. EVANS. My purpose in offering this amendment is to carry out the thought that is in the act itself, that the Secretary of Agriculture shall pass upon these questions. He is an administrative officer. His function is administrative, and the Secretary should have all the power to decide as to the truthfulness of the testimony where he has seen the witnesses. It is to give his findings exactly the same force as the findings of a jury would have.

Mr. CHINDBLOM. In view of the position of the gentleman, would it not be better, I submit, to strike out all this reference of review to the court of appeals?

Mr. EVANS. No; because the questions which are to be submitted for review are clearly legal, and this would make it, if left as it is, a trial de novo to the court.

Mr. CHINDBLOM. I know; but you are robbing the Secretary of Agriculture of some power that he might get.

Mr. STAFFORD. If the gentleman will yield, does the gentleman think that we have the right to limit the power of the Federal courts in the exercise of this function?

Mr. EVANS. The Federal court in this instance is having the power given to it to pass upon an administrative question.

Mr. STAFFORD. Will the gentleman permit me further?

Mr. EVANS. Yes.

Mr. STAFFORD. The Federal courts to-day have that authority without reference to any legislative enactment.

Mr. EVANS. Oh, no.

Mr. STAFFORD. I beg the gentleman's pardon. Every order of the Post Office Department is subject to review by a Federal court as to whether or not it is within their power to pass it.

Mr. EVANS. As to whether a fact exists, but not to control administrative function.

Mr. MOORE of Virginia. Mr. Chairman, I think the gentleman from Nebraska [Mr. EVANS] is correct, if I understand his proposition. As he says, any order that is contemplated will be a mere administrative order. The general rule is that a court reviewing an administrative order sustains it unless there is one of three things found, namely, that it represents an unconstitutional exercise of authority or that it exceeds the limits of the statute or that it is arbitrary in the sense that it is entirely unsupported by evidence. That is illustrated by reference to an order of the Interstate Commerce Commission. The Supreme Court has said time and time again that if the Interstate Commerce Commission, which is an administrative tribunal, passes an order, that order must be held good by the court unless it is beyond the constitutional or statutory power of the commission or unless it is arbitrary, as, for example, entirely without evidence to sustain it.

Now, it seems to be quite undesirable to provide that a court shall determine what is the weight of the evidence when it has had no opportunity to hear the witnesses and no such opportunity to scrutinize the evidence first hand, as was had by the Secretary of Agriculture. The case of the Interstate Commerce Commission is simply illustrative of the whole range of administrative proceedings in which administrative orders are treated by the courts in the manner I have indicated, unless there is some requirement of a statute that calls for a different treatment, and it seems to me there is no good reason why we should in this instance make an exception to the general rule.

Mr. SANDERS of Indiana. Of course the illustration of the gentleman from Virginia was a case where there was a collateral attack of the orders of the Interstate Commerce Commission, and in that case, of course, the court is limited as he indicates. But if there is an appeal, that is a direct attack and the jurisdiction enlarges. The question has been raised here as to whether or not due process is afforded. Of course, it is not due process if the hearings before the Secretary of Agriculture takes away a property right of these people without compulsory attendance of witnesses or without a judicial tribunal. Now, when it is provided that it limits the court of appeals to the evidence in this case, even where it did not have due process of law, in my opinion that does not cure it.

Mr. MOORE of Virginia. I do not think there can be an appeal in a strict sense from the Secretary to a court. Whatever the language of the bill, an appeal only lies from one court to another. However, the language of this provision does not describe an appellate proceeding; it provides a review by the court upon an original petition being filed.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DENISON. Mr. Chairman, I would like to ask a question of the chairman of the committee. I notice section 6 of the bill provides that the Secretary of Agriculture is authorized to suspend for a period not exceeding six months or to revoke the designation of any board of trade as a "contract market," and so forth. In other words, he can not suspend the designation of a board of trade for a period exceeding six months, but he can revoke the designation as a "contract market" for an indefinite time or absolutely. Then the bill provides that the suspension or revocation shall be final unless the board of trade perfects an appeal within 15 days. The result is going to be that a board of trade will have to perfect an appeal in every case. Otherwise the suspension or the revocation will be final. And then if the board of trade perfects an appeal it will not amount to anything, because the suspension can not be longer than for six months anyway. So we have the rather ridiculous situation of compelling a board of trade to perfect an appeal in every case of suspension, even though it may know and admit that the suspension was entirely right

and proper. It seems to me that the committee has undertaken to do something here which they are not accomplishing by the language they have used in this section of the bill.

Mr. TINCHER. I do not think the language is subject to any such criticism. The Secretary of Agriculture is authorized to suspend for a period not exceeding six months, or to revoke the designation of any board of trade as a contract market. Now, then, such suspension shall be after notice to officers, and so forth. If they do not want to stand for the six months' suspension, they can appeal from it; and if they do not do it, it stands for six months. If it is revoked and they do not appeal, their designation is revoked.

Mr. DENISON. Here is what it amounts to: A board of trade must appeal within 15 days or the suspension becomes permanent, and if it does appeal, the six months will probably expire before the appeal can be determined. So they are compelled in every case to appeal to the court of appeals, and if the court of appeals should sustain the Secretary of Agriculture, the six months would probably have expired before the decision would be handed down. You are compelling them to go to an expense that will not accomplish anything in the long run.

Mr. TINCHER. Oh, no. If they do not object to suspension, they do not have to appeal.

Mr. DENISON. But they either have to go to that expense or the suspension becomes permanent.

Mr. TINCHER. What would the gentleman advocate?

Mr. DENISON. I want to say to the committee that I think the suggestions made by the gentleman from South Carolina [Mr. STEVENSON] and the gentleman from Indiana [Mr. SANDERS] are very serious objections to this bill, and if there is a vulnerable place in it, it is in this provision we are discussing. I doubt very much whether you are giving due process of law, and I think if this provision is ever tested in the courts it will be found unreasonable and unjust, and, for that reason, illegal.

Mr. TINCHER. I am frank to say to the gentleman that I do not understand him. He says that the provision gives the Secretary of Agriculture authority to suspend for a period of six months, and then says that that order shall remain in force—giving the other man the right to appeal from it. That order shall remain in force unless he does appeal, and it shall remain in force even if he does appeal, unless a temporary order of some court shall set it aside.

Mr. CHINDBLOM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will state that there is already an amendment pending. The question is on agreeing to the amendment of the gentleman from Nebraska [Mr. EVANS].

The question was taken, and the amendment was rejected.

Mr. CHINDBLOM. Mr. Chairman, I rise to ask a question, if I may, of the chairman of the committee.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. CHINDBLOM. Was it the matured opinion of the committee that no relief, no remedy, should be given to an applicant for designation as a "contract market," so that if the Secretary of Agriculture refuses an application of a board of trade to be designated as a contract market such board of trade has no right of appeal anywhere? There is no method provided by which it might go to a court of appeals to find out whether the proceedings have been regular.

Mr. TINCHER. Oh, you can not take away from it by any law its right to have its day in court. But any board of trade that does not want to be designated as a contract market under the liberal terms of this bill ought not to have a place where it could trade.

Mr. CHINDBLOM. But suppose the Secretary of Agriculture arbitrarily refuses to designate or recognize a board of trade?

Mr. TINCHER. Everybody knows that such a board would be entitled to have its day in court, whether this bill provided the procedure for it or not.

Mr. CHINDBLOM. Where would it have its right to its day in court?

Mr. TINCHER. This bill does not give the Secretary the right of mandamus or anything like that.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had requested a conference with the House of Representatives on the amendment of the Senate to the bill (H. R. 2435) imposing temporary duties upon certain agricultural products to meet present emergencies, and to provide revenue; to regulate commerce with foreign countries; to prevent dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money; and for other purposes, and had appointed Mr.

PENROSE, Mr. McCUMBER, Mr. SMOOT, Mr. SIMMONS, and Mr. WILLIAMS as the conferees on the part of the Senate.

The message also announced that the Senate had passed the following resolution:

Senate resolution 76.

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. WILLIAM H. FRANKHAUSER, late a Representative from the State of Michigan.

Resolved, That the Secretary communicate these resolutions to the House of Representatives.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

FUTURE TRADING.

The committee resumed its session.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 7. That the tax provided for herein shall be paid by the seller, and such tax shall be collected either by the affixing of stamps or by such other method as may have been prescribed by the Secretary of the Treasury by regulations, and such regulations shall be published at such times and in such manner as shall be determined by the Secretary of the Treasury.

Mr. PARKER of New Jersey. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New Jersey moves to strike out the last word.

Mr. PARKER of New Jersey. I move a formal amendment, Mr. Chairman, in order to say a word about the merits of this bill. I have had an opportunity to-day to study it, and also to study the cotton futures act, which is entirely different. It does not make contracts for cotton futures illegal but simply regulates them wherever made.

The bill now under consideration, unless a man actually has the grain, makes all contracts for future delivery illegal and subject to a prohibitory tax, unless such contracts are made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a "contract market," and this bill therefore throws the monopoly of all such dealings and of all such contracts into such board of trade.

The bill then goes on in section 5 to say that no such board of trade shall so be designated as a contract market unless it be "located at a terminal market upon which cash grain is sold in sufficient volumes." Such great grain markets are well known—Chicago, New York, Kansas City, and a very few others. The brokers in those markets are by this bill given an absolute monopoly of all contracts, whether hedging or otherwise, for the sale of grain for future delivery. This monopoly is a new thing, and these markets are to be regulated by the Secretary of Agriculture.

This is a new departure in the legislation of the United States and in the legislation of any State—to provide that the monopoly of this whole class of business shall be given to the brokers of a few great terminal grain markets. Those brokers already wield enough power. The principle of this bill would be no stronger if it provided that all sales of any goods in the United States should be subject to tax unless they were made in markets established by the United States and supervised and controlled by some United States Secretary. This bill creates a centralization of power in the Secretary of Agriculture of the United States to give a tremendous monopoly to his agents and the brokers, governors, and managers of these great boards of trade. I can not stand for this as an independent American citizen, and I am therefore forced to vote against this bill in spite of the good objects sought by its promoters. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 8. That the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of future exchanges and may publish from time to time, in his discretion, the results of such investigation and such parts of reports made to him under this act, and such statistical information gathered therefrom, as he may deem of interest to the public.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. GRAHAM of Illinois. I do not know, gentlemen, that anything that I may say about this will make any difference one way or another. I have a very high regard for the present Secretary of Agriculture. I think he is a very superior man. But I have observed in my service here that whenever a man of any political party is placed in charge of an executive department, immediately it seems to be his effort or his desire to keep alive as many functions or bureaus as he can in his particular department, and to add to them from time to time in the number of clerks and employees in that particular department.

I would respectfully suggest to the gentlemen who are the proponents of this bill—a bill that I expect to vote for in spite

of its many frailties—I would respectfully suggest that it ought to be understood by the Secretary of Agriculture that he is not expected to build up, under the authority of this section of the bill, an immense establishment that will entail an immense expense on the already overburdened people of the United States. This section gives the Secretary of Agriculture almost unlimited power as to what employees he shall have, what information he shall gather, or what he shall publish from time to time; and I dare say if this bill becomes a law, within the life of the present Congress you gentlemen and I will find that we shall have on the pay roll hundreds, or perhaps thousands, of additional employees that will be an additional burden upon the Federal Treasury.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. LAYTON. In section 12 there is no limitation at all upon the expenditure of money by the Secretary of Agriculture.

Mr. GRAHAM of Illinois. I see no limitation anywhere.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. FESS. I should like to have the opinion of the gentleman as to the meaning of the words beginning in line 13—

and may publish from time to time, in his discretion, the results of such investigation and such parts of reports made to him under this act and such statistical information gathered therefrom as he may deem of interest to the public.

Mr. GRAHAM of Illinois. He can issue a publication or a number of publications or books. He can also issue from time to time—

such statistical information gathered therefrom as he may deem of interest to the public.

Which means everything.

Mr. FESS. The gentleman will recall that during the war we had about 32 departments or bureaus that were issuing bulletins.

Mr. GRAHAM of Illinois. Yes.

Mr. FESS. Congress has been trying to cut that out.

Mr. GRAHAM of Illinois. We who have been here during the war Congress and since have seen this thing go on and multiply and multiply, and, gentlemen, it ought to be stopped. We ought to have it understood here and now, and the Secretary of Agriculture ought to understand, that we are not setting up a great expensive department. I think it well enough to say this in advance.

Mr. TINCHER. I do not think it will be true or that it will be understood that we are setting up an expensive department. I want to say that this bill is calculated to afford relief to people who have been asking for relief in the way of a law for 30 years, and the Secretary of Agriculture has not estimated that the administration of this law will cost very much.

The CHAIRMAN. The time of the gentleman has expired. The Clerk will read.

The Clerk read as follows:

SEC. 9. That any person who shall fail to evidence any such contract by a memorandum in writing, or to keep the record, or make a report, or who shall fail to pay the tax, all as provided in sections 4 and 5 hereof, shall pay in addition to the tax a penalty equal to 50 per cent of the tax levied against him under this act and shall be guilty of a misdemeanor, and upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than one year, or both, together with the cost of prosecution.

Mr. JEFFERIS. Mr. Chairman, I move to strike out the last word. Mr. Chairman and farmers—everyone here apparently claims to be for the farmer—I have listened to this discussion and studied this bill to some extent. From what I have heard I am satisfied that if passed it will be prolific of business to the lawyers of the country while they ascertain what section 3 means, and also sections 4 and 5. Each section will result in plenty of lawsuits. If the bill is ever held to be legal by the courts, the question is what effect will it have upon the farmer, the man for whom we are undertaking to legislate, if we are to judge by the expressions that have been made here upon the floor.

In the first place, as was pointed out by the gentleman from Illinois [Mr. GRAHAM], it is going to add to the cost of government. But, more than this, it is also going to add to the cost of handling grain and selling grain, by compelling the dealers in grain on boards of trade to keep an immense lot of records and employ a number of employees to audit them.

In that way it will compel them to have a greater degree of profits in order to pay the increased overhead in the conduct of their business, and thus greater charges will be placed upon the farmer's grain.

If hedging be necessary in the grain business—and that seems to be the consensus of opinion here—then why curb hedging? Why undertake to hamper it with all these regulations and centralizations of power in the hands of some one in the executive department of the Government? On the other hand, if hedging

be unlawful, illegal, or immoral, then and in that event we should prohibit it. Let us make it a criminal offense or else tax it out of existence. But the consensus of opinion seems to be that hedging is necessary in the grain trade. That being true, why hamper and curtail it by a law or by orders issued by the Secretary of Agriculture? We empower him to execute his orders and then vest in him the power of a court to decide the fate of his own rules and regulations, with only an appeal to the circuit court of appeals, if that can be legally done. The Secretary is thus the legislative, judicial, and executive official. He is the judge and the jury. It seems to me that the whole thing is only so much camouflage, and that it will not help the farmer. I want to cite to this body the statement of a man whom I consider the best-posted farmer and cooperative dealer in the State of Nebraska. I refer to Mr. J. W. Shorthill, secretary of the Nebraska Farmers' Cooperative Grain and Live Stock Association. In a speech delivered in Omaha in February, 1920, to the grain and stock men of the State, speaking of futures, he said:

But you must not expect your wheat market to be greatly improved by any legislation that Congress may pass on "future trading" in grain, for which the correct term is "speculation." Should Congress regulate or curb or even prohibit "future trading" in grain, it would not increase the price of your wheat one penny. You would get less without it than you do with it.

He was talking to farmers and for farmers. Again he said:

There are evils in the grain-marketing system we now have, and I am for the elimination of every one that can be eliminated. I am only trying to tell you that the elimination of future trading in grain is not in the best interests of the farmer. It is in the best interests of a few gigantic corporations with immense capital sufficient to buy and hold the surplus wheat of the country until it is needed. Were future trading eliminated the grain markets of this country would very soon be controlled by a very small combination of big financial interests.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JEFFERIS. I ask unanimous consent for one minute additional.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent that his time be extended one minute. Is there objection?

There was no objection.

Mr. JEFFERIS. As was said here by the gentleman from New Jersey, I think it would be well for us to hesitate about this proposed bill, because I believe we will only add greater expense to the sale of the farmer's grain and will not secure for him any benefit. If such be the result, it will come back to haunt us some time. Though we may claim to be giving the farmer some legislation for his benefit, I fear it will only hinder the grain business and be a detriment to the farmer.

Mr. CABLE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. CABLE: Page 7, line 20, after the word "section" insert the figure "3" and a comma.

Mr. CABLE. Mr. Chairman, I believe it is obvious to most of us that this bill is to prevent grain gambling. The chairman of the committee [Mr. TINCER] has virtually admitted on the floor to-day that this is not a revenue measure. Now, if it is to prevent grain gambling, it should be construed as criminal sections of the law are always construed, and that is strictly. This bill refers to two alleged kinds of gambling; under section 3 puts, calls, offers, and the like, and under section 4 dealing in futures. In other words, it is claimed there are two specific crimes set forth here, but by section 9 this bill only makes it a crime to deal in futures; and my opinion is that those who deal in puts, calls, and the like, also, when they fail to pay the tax, ought to be subject to the same conditions. There ought to be no discrimination between those who operate under section 3 and those who operate under section 4. Construing section 9 as it is in this bill, if a man should engage in puts, calls, and the like and fail to pay the tax he is not subject to the provisions of section 9, but if he deals in future deliveries he can be punished. For that reason I offer this amendment so that there should be no discrimination in favor of any of those who gamble in grain.

Mr. BLANTON. Mr. Chairman, I offer a substitute.

The Clerk read as follows:

Page 7, line 20, after the word "hereof" insert the following: "Or who shall fail to pay the tax required in section 3 hereof."

Mr. BLANTON. Mr. Chairman, my amendment seeks to do the very thing that the gentleman intends to do by his amendment, but if you read the language that precedes the word "section," in line 10, following which he offers his amendment inserting "3," and the comma, you will find that the language applies to many things not in section 3, and his amendment to come in there would be wholly out of place. Following the

word "hereof," in line 20, inserting the language offered in my amendment, would provide that those who fail to pay the tax provided in section 3 would be guilty of a misdemeanor and subject to the penalty.

Mr. CABLE. Mr. Chairman, for the purpose of saving time, I withdraw my amendment in favor of the amendment of the gentleman from Texas.

Mr. TINCER. Let me say, Mr. Chairman, there is no opposition to the amendment offered by the gentleman from Texas.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was agreed to.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last word for the purpose of asking a question. What is the purpose of having the word "all" in line 20? It would be better phraseology, it seems to me, to say "as provided." This seems rather awkward.

Mr. TINCER. All means a good lot, and I think it is a good word. [Laughter.]

Mr. BANKHEAD. Mr. Chairman, I move to strike out the word "all."

The Clerk read as follows:

Page 7, line 20, strike out the word "all."

The amendment was agreed to.

Mr. SANDERS of Indiana. Mr. Chairman, I offer an amendment to section 9.

The Clerk read as follows:

On line 19, page 7, strike out the expression "or who shall fail to pay the tax."

Mr. SANDERS of Indiana. Mr. Chairman, I think when section 3 is so ambiguous that there will be considerable difficulty in determining who might come within the law, we ought not in this act to provide a penalty of imprisonment against the man who fails to pay the tax. We tax him 20 per cent, and that is a heavy penalty. In addition, on his failure to pay the tax, it may cost him a year's imprisonment or a fine of \$10,000. I think that is entirely too drastic and it will force persons to come in under section 3 at their peril and determine what the law is and pay this tax.

Mr. TINCER. I hope that amendment, Mr. Chairman, will not prevail. I am sorry that it was not possible for the gentleman to be a member of the Agricultural Committee and help frame this language to meet his entire satisfaction, but we think the bill is clear enough to be understood, and I do not want the penalties taken out of it because the language does not suit my distinguished friend.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. SANDERS of Indiana) there were 30 ayes and 61 noes.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 22, strike out the word "guilty."

Mr. BLANTON. I offer this pro forma in order to get the floor. Mr. Chairman, I am sorry that the distinguished chairman of this committee, our usually genial friend from Kansas [Mr. TINCER], gets out of humor and condemns each one when we offer suggestions concerning this bill, as was done when the gentleman from Indiana offered his amendment. The gentleman from Kansas gets up and chastises us because we offer suggestions and says he is sorry that we were not present in the committee to help frame this bill. There are lots who are sorry, I can assure my friend, for there are at least 100 men in this House who would be glad to be members of the Agricultural Committee, if they had the opportunity, and they would have been glad to have helped to frame the bill, and it is very probable that if they had been members of the committee they would have been present, just like my distinguished friend from Kansas was, every time that there was a hearing. But the gentleman should not get mad because we get up here and offer suggestions. Suggestions should be offered to every bill that comes before the House, because this is the House of Representatives, composed of 435 Congressmen from 435 districts in the United States, and all the people of the United States have a right to be heard.

Mr. HERRICK. We are all members of the committee to-day, are we not?

Mr. BLANTON. We are, and my friend from Oklahoma [Mr. HERRICK] ever since Congress met has been in his seat constantly every time the Committee of the Whole House on the state of the Union has had legislation under investigation. He has offered some very pertinent amendments here. He offered the only amendment that has ever been offered in the House

that brought the distinguished gentleman from Wyoming from his sanctum sanctorum to save embarrassment to the other side of the Capitol. I want to say that we should all emulate the example of the distinguished gentleman from Oklahoma by being in our places, and we have the right to be heard on all legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last two words. I want to ask the gentleman from Kansas in regard to section 9, as to the penal clause about these books and making reports. As I understand the bill it is based on the taxing power. You tax all contracts and sales of every kind except—and then you make certain exceptions. Where do you get the authority to make it a penal offense if they do not keep certain books? Is not the penalty severe enough in paying the tax? What right have you to say that a man in a legitimate board of trade commits a criminal offense when he does not keep certain books?

Mr. TINCHER. Mr. Chairman, the courts have held in sustaining the taxing authority, in enforcing the taxing power—I can not give the names of the cases to the gentleman now—that provisions of this kind are proper. Take, for instance, the income tax law, or any other tax law which requires certain returns, certain records, certain statements to be made, and they can punish a man who fails to do that, whether he is liable to a tax or not. Under the taxing power they are required to report, and it is on that authority that this section is based.

Mr. CONNALLY of Texas. Your requirement here only applies to those who are free of tax.

Mr. TINCHER. They must do that to be free of the tax.

Mr. KINCHELOE. I will say to the gentleman that, in my judgment, here is the gist of this whole bill. Whenever you do not make these fellows keep their record of public transactions, and all of that, I would not give a snap for the bill.

Mr. CONNALLY of Texas. The gentleman from Texas is not inquiring as to that, but inquiring as to the authority.

Mr. KINCHELOE. It is the same authority as under the income tax law, where they can say how they shall keep a set of books.

The Clerk read as follows:

SEC. 10. That if any provision of this act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the act and of the application of such provision to other persons and circumstances shall not be affected thereby.

Mr. McARTHUR. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman in charge of this bill if it is a fact that under the theory upon which this bill is written and prepared the Federal Government could levy a tax against every barber shop, every drug store, every grocery store in the United States, gambling or no gambling? Upon the theory of the taxation of business can not the Government regulate every business?

Mr. TINCHER. It has been pretty clearly demonstrated in the last few years that the Government can levy a tax on most every business.

Mr. McARTHUR. And tax it out of business. That is all I wanted to know.

The Clerk read as follows:

SEC. 11. That no fine, imprisonment, or other penalty shall be enforced for any violation of this act occurring within 60 days after its passage.

Mr. DENISON and Mr. MASON rose.

Mr. MASON. Mr. Chairman, I have an amendment I desire to offer.

The CHAIRMAN. The gentleman from Illinois [Mr. MASON] offers an amendment, which the Clerk will report.

Mr. MASON. Line 8, strike out the word "sixty" and insert the word "ninety." I have signed a good many papers, and I always liked 90 days better than 60 days. [Laughter.] I do not think there ought to be any objection to that.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 8, line 8, strike out "sixty" and insert "ninety."

The question was taken.

The CHAIRMAN. The Chair is in doubt.

The question was taken, and the Chair announced the yeas appeared to have it.

On a division (demanded by Mr. MASON) there were—ayes 31, yeas 34.

So the amendment was rejected.

The Clerk read as follows:

SEC. 12. The Secretary of Agriculture may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency or political subdivision thereof, or

any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes.

Mr. DENISON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I dislike to delay the committee this late in the afternoon, but I want to express myself for two or three minutes. Mr. Chairman, it just happens that I have had considerable correspondence with my constituents with regard to this legislation and I have committed myself by saying that I will vote for the bill. If I had not committed myself in that manner, I doubt seriously whether I would vote for the bill because of very serious objections to it which have been brought out in the course of this debate. It is apparent that the bill is going to pass. Therefore if I should vote against it it would make no difference in the result, but might place me in the attitude of opposing the purpose sought to be accomplished. So I want to make a suggestion to the chairman of the committee and to the other members of the committee who will handle the bill in conference. My suggestion is this: When you get this bill before the Senate or in conference with Members of the Senate change that provision of the bill which confers judicial powers upon the Secretary of Agriculture and constitutes him a trial court from whose decision an appeal is allowed to the court of appeals, where the record can only be considered as the record of an inferior judicial tribunal. I do not believe we can properly go that far. I believe you had better provide for an appeal to the district court, where there shall be a trial de novo before there can be an appeal to the court of appeals.

I want to make this further suggestion. You had better strike out of the bill entirely that provision in section 9 which makes it a penitentiary offense to fail to pay the tax. Such a penalty for the mere failure to pay a tax is unreasonable, and the offense itself is so indefinite that the penalty would I think be not only unjust but unconstitutional. That is the point that was raised by the gentleman from Indiana [Mr. SANDERS], and I think it is a sound objection to this bill.

Then there is another thing. This bill authorizes the Secretary of Agriculture to suspend for any period not to exceed six months the designation of a board of trade as a "contract market." If the board does not appeal within 15 days the suspension becomes final; that is, permanent. If the board does appeal, the suspension can not be for longer than six months even if the board loses its appeal, or it may be for a less time if the appeal is won. In any event the board is compelled to appeal or its suspension is final. For if it appeals and loses, its suspension can not be for longer than six months. Such a law would in my opinion be unjust and unreasonable, and may be held invalid if it is ever tested in the courts.

I think section 3 is too uncertain and indefinite to be of much value as remedial legislation, and there are other provisions of the bill which make its validity quite doubtful, to my mind, and I want to suggest to the committee, with all good intentions, that when they get this bill in the Senate they eliminate some of these objectionable provisions if they expect the bill to stand the test of the courts.

I am in sympathy, Mr. Chairman, with the purpose of the bill. I think gambling and unfair manipulation and speculation in farm products ought to be stopped by law, if it can be done. I believe it is impossible to prevent all speculation without doing a greater injury to legitimate transactions. But some forms of speculation and gambling on the grain markets are immoral and unfair and injurious to the farmers and ought to be stopped. This bill may not accomplish much, but it is, I hope, a move in the right direction. We are assured by the committee, who have given careful study to the subject, that the bill will not hurt any legitimate business. If I thought it would do so I would not support it. As it is, I will vote for it for the reasons I have stated.

Mr. STAFFORD. Mr. Chairman, I offer the amendment which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 8, line 20, after the word "elsewhere," strike out the remainder of the section and insert in lieu thereof the following: "Within the amount of the appropriation made by law for such purpose."

Mr. STAFFORD. Mr. Chairman, I understand that there is no objection to the amendment by the chairman of the committee. The purpose of the amendment, if I may be permitted

to say just a word, is so as not to grant unlimited authority to the Secretary of Agriculture to rent all kinds of quarters and to incur other expenses as provided in the phraseology of the bill before us. This places the limitation upon the Secretary according to the amount of money that may be voted after consideration by the Appropriations Committee.

Mr. WALSH. Will the gentleman yield?

Mr. STAFFORD. I will be glad to do so.

Mr. WALSH. If your amendment is agreed to, there is no authorization for any appropriation to be made.

Mr. STAFFORD. Oh, yes. The Appropriations Committee can come in and authorize the amount of money for that purpose.

Mr. TINCHER. Maybe I did not understand the amendment. I would like to have the section read as it would read if amended.

The CHAIRMAN. The Clerk will report the section as it would read if amended.

The section as it would read if amended was read.

Mr. STAFFORD. Mr. Chairman, to meet the objection raised by my friend, the gentleman from Massachusetts [Mr. WALSH], I ask unanimous consent to change my amendment, the language to be inserted after the word "appropriated" in line 21, so that the clause will read:

And there is hereby authorized to be appropriated within the amount of appropriation made by law for such purpose.

The CHAIRMAN. Is there objection to the modification of the amendment?

Mr. TINCHER. I do not want to destroy the authorization—

Mr. STAFFORD. It says "there is hereby authorized to be appropriated within the amount of appropriation made by law for such purpose."

Mr. WALSH. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. WALSH. The gentleman knows well that in authorizing money to be appropriated we have invariably employed the phraseology, when we authorize an appropriation, that it shall be "out of any money in the Treasury not otherwise appropriated."

Mr. STAFFORD. I agree with the gentleman.

Mr. WALSH. The gentleman has left that out.

Mr. STAFFORD. No; I have retained that language in my amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the amendment was rejected.

Mr. TINCHER. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5676, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. TINCHER. Mr. Speaker, I move the previous question on the bill and amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put the amendments en grosse.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. WALSH. Mr. Speaker, I demand a reading of the engrossed copy of the bill.

The SPEAKER. The gentleman demands the reading of the engrossed copy.

EXTENSION OF REMARKS.

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the RECORD on the bill now under consideration.

The SPEAKER. Is there objection?

Mr. MCCLINTIC. Mr. Speaker, I object.

PORTO RICO.

Mr. DAVILA. Mr. Speaker, I am going to ask unanimous consent to insert in the RECORD an article which I have here. But before making my request I want to say once more that the movement of independence in the island of Porto Rico has been greatly exaggerated in the United States; that the people who favor this ideal are very good material out of which to build up loyal American citizens; that we all truly appreciate the privi-

leges of being citizens of this Nation; and that our loyalty to the national flag, without mental reservations, is at the same time the best evidence of our love of the people of Porto Rico. At all events, the issue of independence is really unfortunate, but the common sense and the patriotism of the Porto Ricans induce me to believe that this ideal will disappear from their minds in the not very distant future.

I indorse everything printed in this article except the views of the writer regarding the governorship.

I really believe, Mr. Speaker, that the people of Porto Rico have a right to elect their own governor, and I hope that the Congress of the United States will recognize this right at the proper time. [Applause.]

At present we have lost our fight. But we are good losers, and, although the gentleman appointed by the President for the governorship is not a native of the island, he is our fellow citizen and practically a Porto Rican, and I am sure that his administration will tend to strengthen the ties of friendship and brotherhood between the continentals and natives of Porto Rico. We cordially congratulate him on his appointment. He will surely have the cooperation of our people in the discharge of his official duties. We wish him a successful administration.

Now, I ask unanimous consent to print in the CONGRESSIONAL RECORD an article written by Dr. Albert Shaw, which contains very valuable information concerning Porto Rico which may be useful to the Members of Congress.

The SPEAKER. The gentleman from Porto Rico asks unanimous consent to print in the RECORD an article by Dr. Albert Shaw on Porto Rico. Is there objection? [After a pause.] The Chair hears none.

The following is the article referred to:

PORTO RICANS AS CITIZENS—SOME OBSERVATIONS REGARDING THEIR POLITICAL FUTURE.

[By Albert Shaw.]

The Porto Ricans, though living under the American flag and loyal to it beyond a question, are now having very elaborate political discussions about their future. These arguments are not closely followed in the United States and are somewhat puzzling, even to public men at Washington who are sympathetic and open-minded and who really desire to understand. The Porto Ricans themselves are aware that people in the United States read more about politics in Ireland and Canada—and at times more about affairs in Australia, New Zealand, and South Africa—than about what is going on in an island which we annexed more than 20 years ago, and whose people are now American citizens just as truly as are the people of Massachusetts and Virginia.

Most readers in the United States are not aware that the Unionist Party, which has a very large majority in each of the chambers of the Porto Rico Legislature, swept the island in the election last November on a platform which included an "independence" plank. The opposing party, which bears the name Republican, was, apparently, weakened rather than strengthened by a coalition which it formed with the Socialist Party for election purposes. The strong and capable men of Porto Rico are to be found in both parties. In so far as the future of the island is concerned, the Republicans are wholly in favor of accepting the connection with the United States as permanent. The leaders of both parties, as also their newspaper organs, are warm in their expressions of friendliness to the people of the United States and to the Government at Washington.

The Unionist leaders disavow all thought of securing an independence that should come with any sacrifice of good will on either part. The Porto Rican political spokesmen on both sides are men of remarkable oratorical ability; and in an election campaign where they seek to gain a large popular following they express themselves more passionately in the discussion of a question like that of independence than when conversing quietly about Porto Rico's best interests with members of the Cabinet at Washington or with members of congressional committees. "Independence," we are assured by the leaders, is not secession but natural evolution.

By an act of Congress approved on March 2, 1917, the people of the island of Porto Rico were made citizens of the United States. As a result of Spain's evacuation of the West Indies, following our brief intervention on behalf of the Cubans and Filipinos in 1898, the island of Porto Rico came under the sovereignty of the United States, as did the Philippine Archipelago. For a good many years the political status of the Porto Ricans was somewhat ill-defined. The Spanish flag had disappeared and the Stars and Stripes had taken its place, but the individual Porto Rican who was no longer a Spaniard had not become an American citizen. He was living under vastly improved conditions, but the power which controlled his destinies was exercised at Washington by a great Government whose purposes were benevolent but which carried out its excellent insular policies through agents who were not always wisely chosen.

The act of 1917, which conferred full American citizenship upon the Porto Ricans, also gave them a new system of government for the island. Under the system which had been provided in the Foraker Act of 1900, superior authority was in the hands of Americans appointed from Washington. The new "organic act" makes the system of local home rule almost complete.

About a month after this measure of 1917, known as the Jones Act, had given the people of Porto Rico their present full rights of American citizenship, our Government declared war against Germany. Through their representatives these new citizens did not hesitate to express their loyalty and to accept the responsibilities of the war period. The draft act was cheerfully supported, and in a short time more than 15,000 young Porto Ricans were in Army camps. When the war was over about 25,000 Porto Ricans had been in uniform, largely under Porto Rican officers, and their training had excellent results in physical and mental development. Just now—April, 1921—we are told that the National Guard of Porto Rico stands at the head of the entire list of States and Territories in filling quotas assigned by the War Department.

The question of Porto Rico's future is indeed an important one from several standpoints. It is true that Porto Rico is not a very large place on the map of the world, but it is loved with intense devotion by its own people; and the fact that they are concerned about their political future is in every way creditable. Little countries, quite as much as big ones, have been swayed by a sense of their own dignity through many centuries of heroic history. It is well, therefore, to consider the Porto Rican question as of importance, first, for the Porto Ricans themselves. Second, it is desirable that the people of the continental United States should understand that Porto Rico is a valuable and worthy member of our political system, whose interests—as affecting our own—must be thoughtfully and wisely considered. In the third place, there are still larger aspects of Porto Rico's possible future that pertain to the entire Western Hemisphere and thus to the world at large.

HOW PORTO RICO IS PROGRESSING.

First, then, let us consider Porto Rico's future from the standpoint of her own people. We are not living in the millennium, and the world struggle for freedom from ignorance, poverty, and disease is a long way from ultimate triumph. That struggle is demanding political, industrial, and social reforms. There are cynics and pessimists who believe that communities are really worse, rather than better, for all our efforts to make democracy effective and to spread abroad the means of social improvement. But most healthy-minded people find it necessary to believe in human progress, and they are upon the whole encouraged by a study of the facts in the case. In considering human welfare at a given moment, in a given place, it is always necessary to compare that place with other places and to compare that given moment with previous periods. Thus there is a great deal of poverty and disease in Porto Rico, and there is widespread ignorance. On the other hand, there are abundant facts on record to show that the Porto Rican people are decidedly better off than they were 20 years ago. Moreover, there are agencies at work which give us reason to believe that there will be greater progress in the next two decades than in the two that are past. In many parts of the world one finds poverty that is more abject and ignorance far more invincible than in Porto Rico. These agencies for betterment should be given an increased momentum. They might transform Porto Rico by the year 1950.

In contrast with an overcrowded population of peasants who are ignorant and poor, one finds highly cultivated and prosperous Porto Ricans, with a steadily growing number of young men and women who are the products of the present school system and who are occupying places as teachers in the schools, as clerks and officials in public employment, and as leaders in professional life and business enterprises. As one turns from contemplation of the terrible distress of races and peoples in central and eastern Europe and in western Asia, it is an impressive thing to find the Porto Ricans living in such complete domestic security and so free from the troubles that have deeply involved a great proportion of the earth's present population. As Governments go in an imperfect world, the Porto Ricans have to-day one of the best.

That the people of Porto Rico should be so ill-advised as to think seriously of exchanging their present assets of external security and of internal freedom and order for adventures in foreign politics, whether in those of the Caribbean countries or those of the continents and the hemispheres, is not to be believed. Complete and unqualified independence "straight off the bat," with Uncle Sam disdained and defied, is surely not the aim of any responsible leaders of the dominant political party in Porto Rico, and it is, of course, emphatically repudiated by leaders of the minor parties.

EDUCATION AND LANGUAGE.

When we brought Porto Rico under the American flag the island was already densely populated. It is only about 100 miles long from east to west, with an average width from north to south of about 40 miles. Its population of nearly 900,000 20 years ago has now increased to about 1,300,000. The government of the island maintains two official languages and has a bureau of translation. Bills pending in the legislature are printed in Spanish and also in English. Until very lately an appointive executive council served as the upper branch of the legislature. The popular branch elected by the people was naturally made up of native Porto Ricans. The executive council was for a good many years composed principally of English-speaking Americans who had been appointed from Washington as heads of executive departments. Naturally, the house of representatives debated in Spanish and the executive council discussed measures in English.

The beginnings of the American régime were marked by a tremendous effort to create a public-school system and to found institutions for higher training. It was believed that it would be a great advantage to young Porto Ricans to learn English. Many hundreds of teachers from the United States were engaged in helping to establish the standards of common-school education throughout the island. At the present time a large majority of the teachers are native Porto Ricans, although several hundred teachers from the United States are still in service. These Porto Rican teachers, largely trained in the normal school, teach most of the subjects of instruction with English textbooks and with creditable oral English on the part of teachers and pupils. Care is taken to instruct all pupils in the Spanish language.

Gradually, though not very rapidly, the island is throwing off the burden of illiteracy. It does not become less Porto Rican or less Spanish-American, but it shows signs of becoming more cosmopolitan, and its leaders are discovering the value of being able to read and speak two great languages, each of which, in some important sense, belongs to them, and each of which has so great a practical value as to stimulate their best efforts.

HOW THE ANNEXATION CAME ABOUT.

When the treaty with Spain was concluded at Paris in December, 1898, Spain had signed away her last vestige of authority in the Western Hemisphere. Cuba secured not only her independence from Spain but what, in the economic sense, was more valuable, namely, her deliverance from a huge burden of indebtedness which had been unjustly saddled upon her treasury as representing the cost to Spain of waging war against Cuban insurgents. Porto Rico had not been involved in insurrectionary wars, and had not, therefore, been required, like Cuba and the Philippines, to support the cost of the Spanish Empire's internal struggles.

If Porto Rico, like Cuba, had been waging a war of revolution for independence, with a de facto insular government, it is wholly probable that we should have established the Porto Ricans as a separate sovereignty under our protection. But Porto Rico had welcomed the American troops in the summer of 1898, and was doing well under the temporary military administration which we then set up. The easiest way to eliminate Spain in the framing of the treaty at Paris was to

transfer the sovereignty of Porto Rico to the United States. This was not then supposed to be conclusive, however, as to the permanent future of the island, and it was taken for granted by many people in the United States—perhaps by most of those who considered it at all—that after a period of kindly tutelage Porto Rico would become self-governing, retaining, however, some permanent connection with the United States for purposes of security and of commercial advantage.

VALUE OF THE AMERICAN AFFILIATION.

Under the Foraker Act our military government of the island was superseded by a civil government in the summer of the year 1900. The local Unionist Party was formed in that period, and it has always had an independence plank in its platform. For hundreds of years the people of Porto Rico have had relationships more or less intimate with the people of San Domingo, of Cuba, of Venezuela, of Colombia, of Mexico, and of Central America. They have been familiar with the history and politics of 8 or 10 Spanish-speaking political entities, forming a ring around the Caribbean Sea.

It is not strange, therefore, that many of the Porto Ricans should think of the destiny of their island as associated with that of the other Spanish-speaking peoples of their general region. Some of them have had dreams of possible future confederations, in which Porto Rico should play an ambitious part. To the minds of these Porto Ricans a permanent connection with the great continental Republic of the United States has seemed more arbitrary than natural—a connection justified perhaps by material advantages, but sadly lacking in its appeal to sentiment. And it must not be forgotten that all peoples dream of a proud destiny for their country or their region, and are more easily influenced by sentiments of race, of language, and of locality than by the cold statistics of economic advantage.

But we are living in a period when economic considerations have vital bearings upon the happiness and welfare of communities, and it becomes worth while to consider whether all the just claims of local sentiment may not be met without the breaking up of large political and commercial combinations. In central and eastern Europe a number of peoples of more or less distinctive race and language are now experiencing the reality of an independence that had long occupied their dreams. They are having a very unhappy awakening. Some of these groups begin to ask themselves whether, with all the faults of the Hapsburg régime, there were not solid advantages in the Austro-Hungarian agglomeration that had been too lightly valued.

It happens that the social and cultural structure of our 48 American Commonwealths is fairly uniform. Louisiana, however, retains French flavor and a legal system based upon the Roman law (Code Napoleon), while the Southwestern States keep some traces of their Spanish origin. We could run our Federal Government at Washington perfectly well, even if there were much larger diversity of local origin and custom among the States than actually exists. English must be the official language, but a knowledge of French or Spanish is no disqualification.

As a matter of fact her connection with the United States is too valuable to Porto Rico to be sacrificed unless there are reasons of a compelling kind. But it is hard to believe that such reasons exist. Spanish administration of the West Indies had always considered Spanish interests first and the islands last. Many things were done by Spain that were praiseworthy, for occasionally there was sent out from Madrid an official of the right kind whose recommendations were supported by the home Government. But, generally speaking, the islands were exploited. Offices were filled by Spaniards rather than by Cubans or Porto Ricans, while taxation and trade were too much controlled for Spain's benefit. But the United States has not governed Porto Rico in any such spirit.

If the Government at Washington should hold Porto Rico as a tropical paradise for the benefit of second-rate American office seekers, the Porto Ricans would have a genuine grievance. If the finances of the island were administered for the benefit of the Government at Washington, or if the commerce of the island were under restrictions that retarded local prosperity, then certainly Porto Rico would have grievances. But, happily, Uncle Sam has made a good record in these respects. Trade between Porto Rico and the United States is as free as trade between New York and New Jersey. The production and commerce of the island have increased enormously under the American régime.

Complete independence would subject Porto Rico to the tariff barriers faced by the trade of other Latin-American States. Porto Rican sugar, tobacco, coconuts, grapefruit, and pineapples have as free a market in the United States as the sugar of Louisiana or the fruits of California and Florida, while they have the benefit—in the markets of New York and the Atlantic seaboard—of water freight rates that are lower than the rail rates from the citrus fruit districts of the continental United States.

As for the officeholders, they are now Porto Ricans by a vast majority. The American educators who went to Porto Rico to establish and carry on a modern school system require no apologies. Doubtless some Porto Ricans were more highly cultured than some of these Yankee teachers, but the heads of the system, from Dr. Lindsay's time to that of Dr. Miller, have been not merely men of professional attainments but men of statesmanlike grasp and foresight. They have worked hard in hand with native Porto Ricans, and the school system to-day is a worthy testimonial to the ability of Americans and Porto Ricans to achieve fine results by united effort.

PRESENT ORGANS OF GOVERNMENT.

Nothing is more noteworthy in the system of Porto Rican government as now at work than the judiciary. At the head of the system of insular justice is the supreme court of five members. The chief justice is a venerable Spanish judge of long experience and great attainments. Of the four associate justices, two are Porto Ricans and two have come from the United States. This body is firm in the confidence and esteem of Porto Rico. Its members are men of great learning and of the highest probity. They are deeply versed in the civil law of the Latin-American countries, and also in the common law and the statutory codes of the United States and England.

Under the Jones Act (the organic act of 1917) the legislature in both branches is elected by universal male suffrage. Besides the senators and representatives chosen from districts, each house has several members elected at large by a system which results in giving minority parties some representation.

At the head of the executive branch is the Governor of Porto Rico, appointed by the President of the United States, who has a wide range of authority and discretion. The commissioner of education and the attorney general are also appointed by the President at Washington. Heads of the four other principal executive departments (interior, finance, agriculture, health) are appointed by the governor. There are many lesser officials and members of official boards who are named by

the governor. It has been the wise practice of the present governor, Hon. Arthur Yager, of Kentucky, to name for appointive offices residents of repute and ability, some of whom have come originally from the United States, but most of whom are native Porto Ricans.

Thus the policy at Washington as expressed in the Jones Act has been to increase greatly the powers of the Porto Rican voters. The legislature, which is now sitting, meets in regular session once in two years like nearly all of our State legislatures. Its most important duties are budgetary. Its tendency is to promote progress in education, health administration, road building, and so on, but its zeal for more schools, better roads, and sanitary reform is always tempered by the fact that it must raise the money to pay the bills.

Porto Rico has a local income tax dating from the war period, but the surtaxes are at very low rates as compared with those of our national income tax. As regards public finance, the Porto Ricans are in an extremely fortunate position. The island's outstanding indebtedness is only about \$10,000,000. All of the revenues raised by Porto Rican taxation are applied to the island's own purposes and are subject to the disposal of the legislature. In addition to these local revenues the United States Government pays back to Porto Rico for its own uses all the sums collected by our customs officers at the island's ports on goods from foreign countries.

FREEDOM FROM FEDERAL TAXES.

The Porto Ricans are not subject to our national income or other direct taxes, and therefore are exempt from the burdens imposed by our immense war debt. They are protected by the Army and Navy of the United States, but do not pay any part of the cost of maintaining our defensive establishments. There is a Porto Rican regiment of excellent American troops at San Juan, but it is, of course, a part of the Army of the United States and as such is maintained by the Army appropriations at Washington.

In his recent message to the legislature, Gov. Yager points out the fiscal advantages enjoyed by Porto Rico as compared with Hawaii. Some Porto Ricans have strongly advocated the creation by Congress of a territorial form of government like that of Hawaii and Alaska, with a view to the ultimate admission of Porto Rico as a State in the Union. This is a perfectly logical idea; and undoubtedly the school children of Porto Rico—who are devoted to the Stars and Stripes as a national emblem—look forward to a time when Porto Rico is to attain, as its ultimate status, the proud position of a State in the Union. Gov. Yager, without wasting words, shows the legislature and the Porto Rican people how much better off they are at present than if they were projected into the status of independence on the one hand, or hurriedly admitted to membership in the Union on the other hand.

Thus the Porto Ricans last year paid only about \$7,000,000 of taxes altogether, while the Hawaiian Islands, with only one-fifth of Porto Rico's population, paid total taxes of more than \$22,000,000. The assessed valuations of Hawaii and Porto Rico, adding together real and personal property, are approximately the same (personality being under-assessed in Porto Rico). Every dollar collected by Porto Rico went into the local treasury for local uses. The Hawaiians, on the other hand, kept less than \$9,000,000 of their tax total for local use, while they contributed more than \$13,000,000 to the United States Treasury. The governor advises Porto Rico to make the most and best of the very fortunate position in which the island finds itself, even though its political status is somewhat anomalous.

AMERICAN CITIZENSHIP IS APPRECIATED.

With great good sense Gov. Yager earnestly advises the Porto Ricans to tax themselves liberally in order to lift the island above the reproach of illiteracy, to transform its health conditions, and to build up the people of the island in all that makes for individual improvement and community welfare.

Meanwhile Porto Ricans of both parties in the legislature have agreed in asking the authorities at Washington to go still further than the Jones Act in conferring self-government. This would mean, among other things, the popular election of the governor and the relinquishment of appointive power by the President of the United States. Such steps, if taken, would not alter the general relationship of Porto Ricans to the United States. The postal service and various other Federal arrangements would always remind them of "Uncle Sam."

The great political fact in the minds of the people of the island is their American citizenship. There are many thousands of Porto Ricans in New York and elsewhere in the United States. They have only to establish local residence in order to have full political privileges. That is to say, a Porto Rican coming to New York acquires residence and political rights on precisely the same terms as a citizen of Pennsylvania or any other State who comes to New York and acquires a legal residence. A Porto Rican boy may aspire to the Presidency. Great numbers of Porto Ricans voted in the last presidential election. The island is represented at Washington by a Resident Commissioner, who is elected by the people of the island. The office is one that has large possibilities. It would be worth while for Porto Ricans to consider seriously how they might increase the prestige of this office and make it a more conspicuous agency through which to keep the people of the United States informed about Porto Rico's affairs.

The majority party recently passed a joint resolution indorsing Gov. Yager, and intimating that his retention in the executive office would be acceptable to the dominant element in the island. In the nature of the case, there is no reason why a native Porto Rican should not be appointed governor, nor is there any fundamental reason why the people of Porto Rico should not be authorized to elect a governor as in our States. The important thing, however, is that the governor, however chosen, should have the wisdom and the ability to serve the best interests of the island, while helping to bring about whatever may be necessary to give the people a sense of contentment in what is intrinsically a very fortunate political status.

Porto Ricans, quite as much as any other people, have sensitiveness and pride. A governor of low attainments or of doubtful fitness for a position requiring delicacy and tact, as well as frankness and courage, would offend public sentiment and injure the development of what ought to be a permanent accord between the island and the Government at Washington. For the present an appointive governor has the advantage of being free from local party ties.

PORTO RICO AS A MEETING PLACE FOR BOTH AMERICANS.

The people of Porto Rico, it would seem to us, as they look to the more distant future, would make no mistake if they should rest firmly upon their United States citizenship, meanwhile making the most of the practical advantages of their position. These advantages appeal strongly to the sympathetic imagination. The two great languages and cultures of the Western Hemispheres bid fair to meet one another in

Porto Rico as at no other point. North America is permanently English speaking, while Central and South America and the West Indies are permanently Spanish speaking. It is exceedingly desirable that we of English-speaking North America should better understand the Latin Americans, and vice versa.

There will always be some North Americans who have acquired intimate knowledge of Latin America, and there will always be many Latin Americans who have studied in our schools and universities, and learned to admire and trust the United States. But there is no other distinctive region in which the two civilizations may touch one another so effectively as in Porto Rico. The climate of the island is wholly delightful, and it will eventually draw hosts of visitors and health seekers. Its narrow coastal plains, with their rich harvests of sugar cane and tropical fruits, have their perpetual summer tempered by stimulating breezes from the Atlantic.

The verdant hills and mountains, which make up the greater part of the island, are also rich in yields of tobacco, coffee, and many other tropical products, or else afford excellent pasturage the year round for cattle by the thousands. The island has its agricultural college, and the United States Government maintains an agricultural experiment station. These should be developed constantly and generously, not only to minister to the further prosperity of the island itself, but to contribute scientific and practical knowledge for the development of all of the tropical and semitropical regions of the Americas. Such an object is one in which the island government and the Washington authorities may well continue to cooperate.

A FUTURE CENTER FOR SCIENTIFIC RESEARCH AND STUDY.

This agricultural college is a part of the young University of Porto Rico. One of the aims of the university is ultimately to aid the world in solving the problems of tropical medicine. Comprehension of a need and clear perception of an opportunity are the essential first steps in the achievement of any great human project. Obviously there is great need in the Tropics of medical progress and sanitary reform. Until recently it was supposed that life in the warm climates was less healthful than in the North, and that death rates must always be higher in the Tropics. That opinion is no longer supported by scientific experts. The northern latitudes once had their terrible epidemics of smallpox, typhus, and typhoid, and various other maladies which have been brought under control. Low death rates follow the acceptance of hygienic rules and sanitary regulations.

In building the Panama Canal, Gen. Gorgas and the American health authorities transformed the "zone" from a place of deadly epidemics to a health resort. In Cuba, and the Philippines also, our health administration has accomplished notable results. Porto Rico in like manner has furnished an object lesson to encourage further research and effort in the field of tropical medicine and sanitary administration. The health department of the island, under Dr. Ruiz Soler, is conducted with an intelligent understanding of the work to be done. As in many other tropical regions, the hookworm infection is prevalent, particularly among the people in the country districts. Along the coastal plain there is much malaria, and cases of tuberculosis are far too common. The International Health Bureau of the Rockefeller Foundation is now beginning to cooperate with the authorities of Porto Rico in the warfare against preventable diseases.

Dr. Bailey K. Ashford, colonel in the Medical Corps of the United States Army, who has long been recognized as one of the world's foremost authorities in respect to the hookworm infection and other tropical maladies, is at present stationed in Porto Rico, after long previous experience there, and holds to the view that it should be the policy of the United States to make that island the chief center for research and instruction in certain branches of medical and sanitary science. The problems of medicine and health in an island like Porto Rico are very complicated. They can not be separated from the problems of agriculture, industry, and practical education.

For one thing, almost the entire population must be rehoused. Families are large, and the typical home is a very small and slight structure thatched with palm leaves, so primitive and so lacking in all that makes for comfort, convenience, health, and family dignity that it must be condemned and superseded as a matter of public policy. The influence of excellent schools in the towns is already having a marked effect upon the improvement of home conditions. In San Juan, the capital, the Government itself is building a large suburb of small concrete houses with suitable appointments, and selling these on a long-time plan to workmen. This policy has been strongly encouraged by Gov. Yager.

On some of the great sugar plantations villages of model houses are making their appearance, and families promoted from the primitive, palm-built huts to these little homes with sitting room, separate bedrooms, kitchen, shower bath, and toilet facilities, show quick appreciation, with evident improvement in health and standards of living. All great changes must have their beginning, and while the rehousing of Porto Rico's population has gone only a little way, it will be achieved in due time. A generous out-of-door climate, with bananas and breadfruit growing around almost every little hut in the country districts, makes it possible to live in fairly open shelters in this land of perpetual summer. But better average wages have come to stay, and better food is demanded; thus with teachers everywhere preaching the gospel of domestic science to the pupils better family and social conditions will gradually evolve.

TWO-LANGUAGE SCHOOLS, AND THE UNIVERSITY.

The academic courses of the university and the normal training school have already resulted in turning out many young women and many young men who have studied diligently and have carried enthusiasm into their work as teachers in the public schools of the island. The institution that heads the educational system puts on no false front and makes no pretensions. It is doing its best to create standards of culture and to have the school system, from bottom to top, serve as a steadily growing agency for the uplift of the whole population. It is willing to do the plain, necessary work of to-day, while it cherishes visions of a brilliant future. It is thoroughly American in spirit, and its pupils sing "The Star-Spangled Banner" with heartiness, and, what is more, they actually know the words of that song.

When one considers that Porto Rican school children and university students are hearing Spanish spoken everywhere and are reading Spanish newspapers, just as American pupils in Ohio are living in a one-language region, it is nothing less than astonishing to note the intelligence and the industry shown in these Porto Rican schools in the acquisition of English as a second language. All over Porto Rico one finds hundreds of native teachers who have never been off the island conducting their classes in English. And this does not refer alone to classes in the English language, but to those in arithmetic, geography,

and various other subjects, the children answering questions in oral English with remarkable fluency, considering the circumstances.

It ought to become a fixed policy of the United States Government, in conjunction with the Porto Rican government, to assist large numbers of these Porto Rican teachers to attend summer schools in the United States. There has been enough of this already to have shown that it is wholly practical and very valuable in its results. It should also, as a matter of public policy, be made easy for teachers from the United States to come and go. Some use of Army transports in the past has shown that more might well be done in the future to encourage an excellent type of teacher from the United States to participate in educational work in Porto Rico.

The University of Porto Rico dares to have a high conception of its future status in helping to promote good understanding between the peoples of North America and those of the Spanish-speaking Republics. No single institution in the future will have a monopoly of any international service of this kind. In due time some North American students will study in universities of South America and many young South Americans will continue to come to the United States. But Porto Rico may properly aim to create an institution of very distinctive leadership, for Porto Rico is the one important Spanish-speaking community that seems destined to remain permanently under the American flag. Its interests from every standpoint compel it to become bilingual. The University of Porto Rico has by all odds the best chance of any institution in the Western Hemisphere to develop itself upon this two-language basis.

In due time it will establish a school of trade and commerce in close association with a school of history, international law, and diplomacy. Eminent publicists from South America may then come to give lectures at the University of Porto Rico to groups of students who understand Spanish perfectly well, while distinguished authorities in government, politics, and law from the United States may give lectures in their subjects to those same students, who also understand English perfectly well. This is no fantastic dream, for already it would be feasible to carry out such ideas upon a modest scale.

The educated people of Brazil all know Spanish in addition to their Portuguese. Many students in South American institutions who could not, for practical reasons, adopt so expensive and abrupt a change as to enter Cornell or the University of Michigan could go to Porto Rico for a term or a year to acquire English and to gain a larger outlook and a broadened experience.

POSITION IN THE CARIBBEAN GROUP.

It takes courage to aim high and to work toward the realization of the largest possibilities. Looking to the future, it is easier to entertain the notion of an independent Porto Rico associated politically with other Latin American entities surrounding the Caribbean Sea. And this conception might be fully justified if the alternative meant a rough and tactless attempt to Anglo-Saxonize Porto Rico or to subject its people to rules, customs, and standards that seem to them both strange and unpleasant. But this is an age in which personal liberty and local distinctiveness seem to be entirely in keeping with large organizations of government, of commerce, and of culture for purposes of common welfare.

Porto Rico need not fear that she will be a neglected Cinderella in the American household. It is probable that she can play her part in the Caribbean regions with more influence and success if she abandons all thought of a future substitution of her local flag for the Stars and Stripes. Porto Rico will inevitably be managed by Porto Ricans for their own welfare. There is not the slightest danger of domination from Washington for the benefit of continental America and to the harm of Porto Rico. The training and development of the Porto Rican people is much more important just now from the standpoint of democratic progress than the achievement of outward forms of a more complete home rule. Statehood may be expected as the ultimate thing.

In theory, of course, the Porto Ricans should choose their own governor. In practice, however, it would probably be best for Porto Rico, at least for some time to come, that the governor should be named by the President of the United States. Latin-American countries often victimize themselves in the undue excitement and factionalism of electoral contests. It is the business of the governor, whether appointed or elected, to apply firmness, wisdom, and intelligence to promoting the welfare of the Porto Rican people. It is probably better for the island that the governorship, like the judiciary, should exercise its functions above and beyond the control of local parties.

There has been a good deal of conflict between capital engaged in such industries as those of sugar and tobacco on the one side and labor—organized under socialistic leadership—on the other hand. It might not be best for the island at the present time to have such economic conflicts carried into the political arena in the election of a governor. There would seem to be quite enough opportunity for a play of popular politics in the election of members of the two branches of the legislature, of the Delegates to Washington, and of local and municipal governments.

The United States has recently paid the sum of \$20,000,000 to Denmark for St. Thomas and the other small islets of the Danish group, which we now call the Virgin Islands and which lie near Porto Rico to the eastward. This purchase is a fresh evidence of the importance that is attached at Washington to the position of the United States in the West Indies, at the Panama Isthmus, and in the Caribbean region. If, then, we are permanently to exercise a foremost influence in the defense and the progress of those regions, the most obvious thing to do is to concentrate strongly upon the development of Porto Rico. A great work for health and education must be carried on in the island, and the success of such an undertaking would justify all necessary expenditures of money and of scientific effort.

The foundations are well laid, and the tasks to be achieved are specific and clearly defined. The island is agricultural and is overpopulated. It is capable of an industrial development that would increase the income of the average family and give steady employment to surplus labor. On the other hand, many Porto Ricans might with advantage be colonized in parts of the United States where agricultural labor is needed. They are already American citizens and entitled to preference as against alien Europeans.

FINALLY, PORTO RICO MUST BE RECOGNIZED AND AIDED.

From the standpoint of American defense, Porto Rico has the strategic advantages of location that have not at times been sufficiently well understood by the authorities at Washington. In the long run, the tests of efficiency and of economy would be best met by concentrating as far as possible upon harbor improvement and defensive preparations in Porto Rico as bearing upon the protection of the Panama Canal and of all our proper interests in the Caribbean regions.

As an evidence of our regard for Porto Rico and esteem for our fellow citizens there, it would be desirable to appoint a certain number of Porto Ricans to positions in the departments at Washington and also to select several Porto Ricans of suitable education and experience for diplomatic and consular positions. Porto Ricans have the advantage of understanding the language and the customs of other Latin-American countries. With these valuable qualifications, a reasonable knowledge of business conditions here in the United States would make them excellent additions to the personnel of our Diplomatic and Consular Service.

Although our Spanish-speaking neighbors to the southward have had more than four centuries of experience in trying to adapt themselves to the conditions of life in their respective regions, it is well to remember that there are centuries yet to come, and that the future will give ample opportunity to atone for the mistakes of the past. The application of scientific knowledge is the principal agency that we must now rely upon for improvement of individual and of social conditions. The Western Hemisphere must be harmonious in all that makes for the avoidance of war. It can be associated in many ways for intellectual progress and for the wide diffusion of things that make up our modern standards of civilized life. One of the ways in which the people of the United States can best promote the future well-being of our hemisphere as a whole is to contribute toward intensive progress in the beautiful island which recognizes the American flag as its own.

EXTENSION OF REMARKS.

Mr. WILLIAMS. Mr. Speaker—

The SPEAKER. The Chair can not recognize the gentleman unless he has the consent of the gentleman who objected to his request before.

Mr. WILLIAMS. I had a little conversation with him just now. [Laughter.]

The SPEAKER. The gentleman is recognized.

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the grain future bill.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. GRIFFIN, Mr. GERNERD, and Mr. SNELL were, by unanimous consent, granted leave to extend their remarks in the RECORD.

LEAVE OF ABSENCE.

Mr. BUCHANAN, by unanimous consent, was granted leave of absence, indefinitely, on account of illness in family.

ADJOURNMENT.

Mr. TINCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p. m.) the House adjourned until Friday, May 13, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. ELLIOTT, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 89) for the public sale of post-office site on the west side of South Main Street, in the city of Bethlehem, Pa., reported the same without amendment, accompanied by a report (No. 61), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. SINNOTT, from the Committee on the Public Lands, to which was referred the bill (S. 594) for the relief of certain ex-service men whose rights to make entries on the North Platte irrigation project, Nebraska-Wyoming, were defeated by intervening claims, reported the same without amendment, accompanied by a report (No. 63), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. MCKENZIE, from the Committee on Military Affairs, to which was referred the bill (H. R. 5215) granting relief to persons who served in the Military Telegraph Corps of the Army during the Civil War, reported the same without amendment, accompanied by a report (No. 64), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. BUTLER: A bill (H. R. 6150) authorizing the removal of certain cases in which the Government is the real party in interest from State courts to district courts of the United States, upon request of the Secretary of the Navy; to the Committee on Naval Affairs.

By Mr. COLTON: A bill (H. R. 6151) to authorize the erection of a Federal building at Ephraim, Utah; to the Committee on Public Buildings and Grounds.

By Mr. DALLINGER: A bill (H. R. 6152) to authorize the construction of a drawless bridge across a certain portion of the Charles River, in the State of Massachusetts; to the Committee on Interstate and Foreign Commerce.

By Mr. BUTLER: A bill (H. R. 6153) providing the method of transferring to the civil service retirement and disability fund the deduction required to be paid from naval appropriations on account of civilian employees of the Naval Establishment; to the Committee on Naval Affairs.

Also, a bill (H. R. 6154) providing for the insurance of currency shipped to disbursing officers of the Navy and Marine Corps; to the Committee on Naval Affairs.

By Mr. GREENE of Massachusetts: A bill (H. R. 6155) to provide for the transfer of the steamship *Martha Washington* to Cosulich Societa Triestina di Navigazione, an Italian corporation of Trieste, and directing the United States Shipping Board to make delivery of the said steamship; to the Committee on the Merchant Marine and Fisheries.

By Mr. HICKEY: A bill (H. R. 6156) to enlarge, extend, and remodel the post-office building at South Bend, Ind., or to authorize the purchase of a site and the erection and completion for building thereon, in the discretion of the Secretary of the Treasury; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6157) to amend paragraph 10 of section 4 of an act entitled "An act to establish a Bureau of Immigration and Naturalization and to provide a uniform rule for the naturalization of aliens throughout the United States," and to repeal all laws in conflict therewith; to the Committee on Immigration and Naturalization.

By Mr. SUMMERS of Washington: A bill (H. R. 6158) to vest titles to school lands in the State in which the lands are situated, if a proceeding is not instituted before the Department of the Interior within 12 years after the State is admitted to the Union, or within 12 years after the survey of the school land sections was approved, to determine whether such lands were of known mineral character; to the Committee on the Public Lands.

By Mr. VOLSTEAD: A bill (H. R. 6159) to amend existing law with regard to allowances for subsistence to be made employees of the United States while traveling on duty; to the Committee on Reform in the Civil Service.

By Mr. BURDICK: A bill (H. R. 6160) for the erection of a Federal building for the United States post office at Warren, R. I.; to the Committee on Public Buildings and Grounds.

By Mr. TEN EYCK: A bill (H. R. 6161) amending and extending the war risk insurance act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. ELLIOTT: A bill (H. R. 6162) to preserve historical documents, records, and relics relating to the history of the United States that are now owned or that may come into possession of the Government of the United States; to the Committee on Public Buildings and Grounds.

By Mr. DUNBAR: A bill (H. R. 6163) to purchase a post-office site in the city of Huntingburg, Ind.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6164) to purchase a post-office site in the city of French Lick, Ind.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6165) to purchase a post-office site in the city of Tell City, Ind.; to the Committee on Public Buildings and Grounds.

By Mr. DRANE (by request): A bill (H. R. 6166) to change the calendar from Gregorian to perpetual, establishing 13 months instead of 12 months for the year; to the Committee on the Judiciary.

By Mr. EDMONDS: A bill (H. R. 6167) amending section 4577 of the Revised Statutes; to the Committee on the Merchant Marine and Fisheries.

By Mr. LANGLEY: A bill (H. R. 6168) to revive the right of action under the act of March 12, 1863 (12 Stat. L., 820); to the Committee on the Judiciary.

Also, a bill (H. R. 6169) to relieve Congress from the adjudication of private claims against the Government; to the Committee on the Judiciary.

By Mr. BOND: A bill (H. R. 6170) to incorporate the Big Brothers and Big Sisters Federation, and for other purposes; to the Committee on the Judiciary.

By Mr. RAKER: A bill (H. R. 6171) for the support and education of the Indian pupils at the Greenville Indian School, Calif.; for repairs and improvements; for new school building, erecting building, and furnishing the same; for purchase of land to connect Government property with public highway; and for other purposes; to the Committee on Appropriations.

By Mr. ANDREWS: A bill (H. R. 6172) to amend an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920; to the Committee on Reform in the Civil Service.

By Mr. YOUNG: Resolution (H. Res. 90) agreeing to the request of the Senate for a conference on H. R. 2435; to the Committee on Rules.

By Mr. DYER: Joint resolution (H. J. Res. 116) protesting against the treatment of the American newspaper correspondents in Ireland by the British; to the Committee on Foreign Affairs.

By Mr. KINDRED: Joint resolution (H. J. Res. 117) directing the Secretary of the Treasury to acquire, by purchase or otherwise, the property on which the tombs and former homes of Presidents Washington and Jefferson are located; to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BECK: A bill (H. R. 6173) granting a pension to Nellie Thompson; to the Committee on Invalid Pensions.

By Mr. BLAND of Virginia: A bill (H. R. 6174) granting a pension to Timothy P. Brennan; to the Committee on Pensions.

By Mr. BOND: A bill (H. R. 6175) authorizing the Secretary of War to donate to the town of Canarsie (Brooklyn), State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. CANNON: A bill (H. R. 6176) granting a pension to Aaron V. S. Rouse; to the Committee on Invalid Pensions.

By Mr. DARROW: A bill (H. R. 6177) for the relief of the owner of the fishing smack *Mary S. Dolbow*; to the Committee on Claims.

By Mr. DENISON: A bill (H. R. 6178) for the relief of Thomas L. Harris; to the Committee on Military Affairs.

By Mr. DUNBAR: A bill (H. R. 6179) for the erection of a monument to the memory of Gen. George Rodgers Clark, of Clarksville, in the county of Clark, in the State of Indiana; to the Committee on the Library.

By Mr. GOULD: A bill (H. R. 6180) providing for the retirement of John Robert Baker; to the Committee on Military Affairs.

By Mr. HAWLEY: A bill (H. R. 6181) granting an increase of pension to Allen Kirk; to the Committee on Pensions.

By Mr. HICKEY: A bill (H. R. 6182) granting a pension to Anna M. Smith; to the Committee on Invalid Pensions.

By Mr. KLECZKA: A bill (H. R. 6183) for the relief of Maj. F. Ellis Reed; to the Committee on Claims.

By Mr. LAZARO: A bill (H. R. 6184) providing for survey of waterway from Lake Charles, La., to the Sabine River, Tex. and La., through the Calcasieu River and the intracoastal waterway from Calcasieu River, La., to Sabine River, Tex. and La.; to the Committee on Rivers and Harbors.

By Mr. LYON: A bill (H. R. 6185) for the relief of Ethel A. Fullwood; to the Committee on Claims.

By Mr. McLAUGHLIN of Nebraska: A bill (H. R. 6186) granting a pension to Ellen J. Webb; to the Committee on Invalid Pensions.

By Mr. MACGREGOR: A bill (H. R. 6187) granting a pension to Jennie M. Freeborn; to the Committee on Invalid Pensions.

By Mr. MASON: A bill (H. R. 6188) for the relief of Hugo Singer; to the Committee on Claims.

By Mr. PURNELL: A bill (H. R. 6189) for the relief of William T. Seward; to the Committee on War Claims.

By Mr. ROBSION: A bill (H. R. 6190) granting an increase of pension to Sharlett Farmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6191) granting an increase of pension to Nancy Adams; to the Committee on Pensions.

By Mr. SANDERS of New York: A bill (H. R. 6192) granting an increase of pension to Alice M. Stafford; to the Committee on Invalid Pensions.

By Mr. SHELTON: A bill (H. R. 6193) authorizing the Secretary of War to donate to the town of Seymour, State of Missouri, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6194) authorizing the Secretary of War to donate to the town of Mansfield, State of Missouri, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. TINKHAM: A bill (H. R. 6195) granting a pension to Janie Jackson; to the Committee on Pensions.

By Mr. VAILE: A bill (H. R. 6196) for the relief of Robert E. Danforth; to the Committee on the Public Lands.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

643. By Mr. BARBOUR: Petition of the Earl Fruit Co., of Sacramento, Calif., urging appropriation to purchase experimental vineyards near Fresno and Oakville, Calif.; to the Committee on Appropriations.

644. Also, petition of Leemoore Post, No. 100, American Legion, Leemoore, Calif., urging relief for the disabled soldiers, etc.; to the Committee on Interstate and Foreign Commerce.

645. Also, petition of Bakersfield (Calif.) Chapter, Daughters of American Revolution, urging the passage of House bill 2412; to the Committee on the Post Office and Post Roads.

646. By Mr. CHALMERS: Petition of the National Grain Dealers' Association, for Congress to repeal law creating Federal Trade Commission; to the Committee on Interstate and Foreign Commerce.

647. Also, petition of Washington Congregational Church, Toledo, Ohio, urging Congress to take immediate steps for disarmament; to the Committee on Foreign Affairs.

648. By Mr. CURRY: Petition of the California State American War Mothers, favoring relief for the disabled soldiers, etc.; to the Committee on Interstate and Foreign Commerce.

649. By Mr. FAUST: Petition of the First National Bank and others, of St. Joseph, Mo., opposing the Tincher bill; to the Committee on Agriculture.

650. Also, telegrams from A. J. Elevator Co., the Geiger Grain Co., and the St. Joseph Grain Exchange, all of St. Joseph, Mo., protesting against the enactment of the Tincher bill; to the Committee on Agriculture.

651. By Mr. FOCHT: Evidence in support of House bill 4014, for the relief of Mrs. Aletta Ann Query; to the Committee on Invalid Pensions.

652. By the SPEAKER (by request): Petition of the Ukrainian Society of Scouts; St. Peter and Paul's Ukrainian Church; American-Ukrainian local committee, of Carnegie, Pa.; and the Ukrainian Society of Transfiguration, Show Mine, Pa., all protesting against the Polish occupation of Ukrainian East Galicia; to the Committee on Foreign Affairs.

653. Also, petition of the American Ukrainian Society, of Carnegie, Pa., regarding conditions in East Galicia; to the Committee on Foreign Affairs.

654. By Mr. HUTCHINSON: Resolution adopted by the Corporal Spencer Bloor Post, No. 491, Veterans of Foreign Wars of the United States, protesting against the United States entering into a treaty of peace with Germany until Grover Cleveland Bergdoll, the notorious millionaire slacker, is delivered to the authorities of this country; to the Committee on Foreign Affairs.

655. By Mr. KAHN: Petition of the California Grape Protective Association, relative to the experimental vineyards located near Fresno and Oakville, Calif.; to the Committee on Appropriations.

656. By Mr. KINDRED: Petition of the Chamber of Commerce of the State of New York, urging improvement of the channel between Blackwells Island and Negro Point Bluff, etc.; to the Committee on Rivers and Harbors.

657. By Mr. KING: Petition of citizens of the eighth district of the State of Illinois, praying for the amendment to the Volstead Act to permit light wines, beer, etc.; to the Committee on the Judiciary.

658. By Mr. KISSEL: Petition of the General Federation of Women's Clubs, Minneapolis, Minn., opposing the Walsh bill, for the damming of Yellowstone Lake, in Yellowstone National Park; to the Committee on Public Buildings and Grounds.

659. Also, petition of the American Dyes Institute, New York City, urging the protection of the dye industry; to the Committee on Ways and Means.

660. Also, petition of the National Physical Education Service, Washington, D. C., urging support of the Fess-Capper bill; to the Committee on Education.

661. Also, petition of the Chamber of Commerce, Washington, D. C., urging support of House bill 30; also Senate bill 1084; to the Committee on Budget.

662. Also, petition of the National Congress of Mothers and Parent-Teacher Associations, Washington, D. C., urging support of the Shepard-Towner bill; to the Committee on Interstate and Foreign Commerce.

663. Also, petition of Frank N. West, East San Diego, Calif., urging support of House bill 285; to the Committee on Military Affairs.

664. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N. Y., relative to defect in section 206 (c) of the transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

665. By Mr. MacGREGOR: Petition of the L. L. Tillman Post, No. 900, American Legion, Akron, N. Y., urging relief for the disabled soldiers; also of the Grain Dealers' National Association of Toledo, Ohio, urging legislation for repeal of the law creating the Federal Trade Commission; to the Committee on Interstate and Foreign Commerce.

666. By Mr. RYAN: Petition of the American Committee for Relief in Ireland urging support of the Irish republic; to the Committee on Foreign Affairs. Petition of the New York State Federation of Labor, urging support of H. R. 18; to the Committee on the Judiciary. Petition of the American Association for Labor Legislation, New York City, urging passage of H. R. 4089 and S. 847; to the Committee on the District of Columbia.

667. By Mr. SIEGEL: Petition of the Harlem Board of Commerce, New York City, urging relief for the disabled soldiers; to the Committee on Interstate and Foreign Commerce.

668. By Mr. SNELL: Resolution of John E. Harrica Post, No. 875, American Legion, Chateaugay, N. Y., for relief of disabled soldiers; to the Committee on Interstate and Foreign Commerce.

669. By Mr. SNYDER: Petition of the Ukrainian Society of Herkimer, N. Y., with reference to affairs in eastern Galicia; to the Committee on Foreign Affairs.

670. By Mr. TAGUE: Petition of 30 citizens of Boston, Mass., favoring the recognition of the republic of Ireland by the Government of the United States; to the Committee on Foreign Affairs.

671. By Mr. TINKHAM: Petition of citizens of the eleventh congressional district of the State of Massachusetts urging recognition of the Irish republic; to the Committee on Foreign Affairs.

672. By Mr. WATSON: Petition of the Abington Monthly Meeting of Friends, Jenkintown, Pa., opposing military training being introduced in the schools, etc.; to the Committee on Education.

673. By Mr. WINSLOW: Petition of 440 citizens of Milford, Mass., favoring the recognition by the United States Government of the republic of Ireland; to the Committee on Foreign Affairs.

SENATE.

FRIDAY, May 13, 1921.

(Legislative day of Thursday, May 12, 1921.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4075) to limit the immigration of aliens into the United States.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 2435) imposing temporary duties upon certain agricultural products to meet present emergencies, and to provide revenue; to regulate commerce with foreign countries; to prevent dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money; and for other purposes, agreed to the conference requested by the Senate, and that Mr. FORDNEY, Mr. GREEN of Iowa, Mr. LONGWORTH, Mr. GARNER, and Mr. COLLIER were appointed managers of the conference on the part of the House.

PETITIONS AND MEMORIALS.

Mr. CAPPER presented a resolution adopted by the National Milk Marketing Conference held at Chicago, Ill., May 3, 1921, favoring the enactment of legislation placing a tariff on agricultural products, which was referred to the Committee on Finance.

He also presented resolutions of the Women's Auxiliary, American Legion, and Benevolent and Protective Order of Elks, No. 412, both of Pittsburgh, Kans., favoring the enactment of legislation providing adequate relief for disabled ex-service men, which were referred to the Committee on Finance.

He also presented petitions of sundry citizens of Washington, Abilene, Enterprise, Beattie, Axtell, and Baileyville, all in the State of Kansas, praying for the enactment of legislation